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[Back](#) [Commercial Guide Homepage](#)

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This Country Commercial Guide (CCG) presents a comprehensive look at Germany's commercial environment, using economic, political and market analysis. The CCGs were established by recommendation of the Trade Promotion Coordinating Committee (TPCC), a multi-agency task force, to consolidate various reporting documents prepared for the U.S. business community. Country Commercial Guides are prepared annually at U.S. embassies through the combined efforts of several U.S. government agencies.

The German economy is the world's third largest, and accounts for about one-third of Euroland's GDP. It is the United States' largest European trading partner and fifth largest global partner. Germany practices a "social market" economy that largely follows free-market principles but with a considerable degree of government regulation and generous social welfare protections.

Following real GDP growth of 1.5 percent in 1999 and 3.0 percent in 2000, growth is predicted to fall again to as low as 1.0 percent in 2001. The 2000 rate was fully double Germany's annual average growth rate since reunification but still among the slowest in Europe. Faster growth in 2000 was driven mainly by a sharp expansion in exports and industrial investment. Predictions for slower growth in 2001 stem from poor performance in the construction sector, combined with sluggish consumer spending and a global downturn in technology sectors. Business confidence, manufacturing orders, manufacturing output, construction orders, and unemployment figures all point to a further slowdown in the German economy overall.

The center-left coalition government of Chancellor Gerhard Schroeder that took office in late 1998 has consolidated its position and embarked on a number of economic reforms considered necessary to sustain economic growth and job creation, consolidate public finances, and improve

Germany's investment climate. The government secured parliamentary approval in July 2000 for significant new tax reforms that will be phased in over 2001-2005. The reforms will cut high business and personal income tax rates, close loopholes and eliminate capital gains tax for corporations. The government has also proposed controversial reforms to Germany's public social security system, which faces intense financial pressure with the aging of society. Significantly, the government aims to institute these reforms while also reducing its budget deficit and official debt levels.

Unemployment, currently at 9.3 percent, is Germany's most sensitive political and economic issue. During the 1998 election in which the current government came to power, Chancellor Schroeder promised that he would reduce unemployment (then over 4 million) to 3.5 million by the end of his four-year term. Unemployment began to decline (from 10.5 percent in 1999 to 9.6 percent in 2000) due to demographic trends and job creation resulting from strong economic growth. Since the beginning of the year 2001, however, economic growth has weakened and employment creation has stagnated. Structural factors are largely to blame for continuing high joblessness, and the government has so far not pursued significant labor market reforms needed to promote new job creation. There continues to be a significant difference between unemployment in the eastern and western states of Germany. The unemployment rate in the western states was only 7.4 percent in June, while the comparable figure for the eastern states was 17.5 percent. Furthermore, long-term unemployment continues to be a large portion of overall unemployment figures.

For American companies, the German market, Europe's largest, continues to be attractive in numerous sectors, and remains an important element of any comprehensive export strategy in Europe. While U.S. investors must closely study the bottom line before buying into Germany or expanding their position, they can count on high levels of productivity, a highly skilled labor force, quality engineering, a first-class infrastructure, and a location in the heart of Europe.

Successful market entrants are those that have innovative products featuring high quality and modern styling. Particularly in the consumer goods sectors, Germans appreciate innovation and high technology. New solutions in the multi-media area, and technologies and services which will help more Germans join the Internet generation, offer great potential. U.S. products are especially well regarded when they offer cutting edge technology: computers and computer software, electronic components, health care and medical devices, synthetics and automotive technology. Price will not always be the determining factor for the German buyer, even for inputs in the intermediate stages of production, where the manufacturer cares deeply about his own product and service reputation.

Approaching the German market, exporters must recognize the country for what it is: a decentralized collection of states and regions as diverse as those in the United States. Bavarian and Rhineland tastes, for example, differ distinctively. An American company seeking sales in Germany must

ensure that its marketing strategy takes these differences into account and should choose a distributor with country-wide capability, often necessitating several regional locations. Too often, U.S. exporters seek to service their clients from a single European location, or even directly from the United States. After initial entry into the German or European market, this is likely to be inadequate, especially recognizing that the chief competition faced by most American companies are the German domestic firms themselves, with their natural advantage of proximity. Success in the marketplace can be achieved by countering this comparative disadvantage with high quality products and service, at the right price.

Establishing a physical presence in Germany may be the right solution for some firms. German efforts to privatize the energy, telecommunications and transportation sectors are being assessed by numerous American firms because of the opportunities they imply. For investors, the still high marginal tax rates despite modest cuts and complicated tax laws may constitute an obstacle, although deductions, allowances and write-offs help to move effective tax rates to a more internationally competitive level.

Germany presents few formal barriers to U.S. trade or investment interests (with the exception of the EU Common Agricultural Policy). Germany's regulations and bureaucratic procedures, however, can prove a baffling maze, blunting the enthusiasm of U.S. exporters. While not discriminatory in the classic sense, government regulation is often complex and may offer a degree of protection to already-established local suppliers. Safety or environmental standards, not inherently discriminatory but sometimes zealously applied, can complicate access to the market for U.S. products. American companies interested in exporting to Germany should do their homework thoroughly and make sure they know precisely which standards apply to their product, and that they obtain timely testing and certification. This is doubly important because, to the extent EU-wide standards are developed, there is a high probability that the existing German standard will form the basis for the eventual European standard.

Further information on Germany and other European markets can be found on the "Showcase Europe" homepage: <http://www.sce.doc.gov>; this is a comprehensive source for a wide range of market research and business counseling information assembled by the U.S. & Foreign Commercial Service which is designed for U.S. exporters exploring the European marketplace.

Country Commercial Guides are available for U.S. exporters from the National Trade Data Bank's CD-Rom or via the Internet. Please contact Stat-USA at 1-800-Stat-USA for more information. Country Commercial Guides can be accessed via the World Wide Web at <http://www.ustrade.gov>. They can also be ordered in hard copy or on diskette from the National Technical Information Service (NTIS) at 1-800-553-NTIS. U.S. exporters seeking general export information/assistance and country-specific commercial information should contact the U.S. Department of Commerce. Trade Information Center by phone at 1-800-USA-TRADE or by fax at

(202) 482-4473. Additional useful websites are listed under chapter 11: U.S. Country Contacts.

INTRODUCTION

The German economy is the world's third largest, and accounts for about one-third of Euroland's GDP. It is the United States' largest European trading partner and fifth largest global partner. Germany's strong post-war economic growth has afforded its citizenry one of the highest standards of living in the world, with one of the industrialized world's most comprehensive and generous social safety nets.

The German "social market" economy is based largely on free market principles, but with labor, wage and regulatory issues being largely decided by a broad consensus of government, business, and labor. This system has mainly served Germany well and remains popular. However, the German economy has faced a number of problems in recent years, including slow economic growth, persistently high unemployment, high government outstanding debt, an increasing share of government revenues going for debt service payments, high tax rates, continued high net transfer payments to eastern Germany, high unit labor costs, and growing social security and non-wage labor costs. These problems and the resulting concerns about Germany's attractiveness as an investment location have underscored the need, and raised popular support, for changes in the government economic, fiscal and social policy course towards budget consolidation and structural reforms.

Germany in 2001 is facing slower real economic growth than at almost any time since reunification, and there is now clearly a risk of higher unemployment.

ECONOMIC FORECAST

Most forecasters expect real GDP growth in 2001 of about 1.5 percent, which would be half of the growth rate in 1999, but some predictions now have it falling to 1.0 percent. Expectations for 2002 are not overly optimistic, in part because of a difficult wage round. The numbers show that a sharp, domestically driven slowdown was already well underway in the middle of 2000, and global deterioration has only enhanced this domestic trend.

Growth in private consumption and construction output has been quite sluggish, and will likely remain around 2.0 percent for the next five years. Consumer price inflation is expected to reach 3.0 percent in 2001, up from the very low level in 1999 of 0.6 percent. Unemployment is expected to increase from 9.3 percent of the labor force in 2000 to 9.5 percent in 2001, reflecting slower economic growth, stagnant job creation, structural factors that hinder growth, demographic changes that reduce the size of the labor force, and an absence of political consensus to undertake labor market reforms. There continues to be a significant difference between unemployment in the eastern and western states of Germany. The

unemployment rate in the western states was only 7.4 percent in June, while the comparable figure for the eastern states was 17.5 percent.

ECONOMIC POLICY ENVIRONMENT

The government's declared primary objective is to stimulate economic growth and employment and to get a grip on rising government debt. To this end, the government has pursued a combination of budget consolidation, growth incentives and structural reforms. This policy package aims to address the economic problems mentioned above. Key elements include the following.

Fiscal Consolidation. The government has practiced strict spending restraint in an effort to reduce the budget deficit. Although Germany has worked to reign in spending in the 2002 budget, current government plans assume unrealistically strong growth and high employment. In 2001, the federal deficit statistics will also be affected by any federal assistance to the city of Berlin, which is facing an unforeseen financial crisis. The government expects its total deficit (including social security) to rise from 1.0 percent of GDP in 2000 to 2.2 percent of GDP in 2001. The deficit is forecast to decrease slightly in 2002 to 2.1 percent of GDP, remaining above its fiscal deficit targets and bringing it within striking distance of the Maastricht 3% limit. The government's goal is a balanced budget by 2006, if not sooner. Total government debt, currently just at the Maastricht limit of 60 percent of GDP, is forecast to rise gradually as a share of GDP in the coming years and then to fall as progress is made toward balancing the budget. The federal government has a policy of devoting one-off revenues, for example from privatization of state-owned assets and sale of telecommunications licenses, mainly to debt reduction.

Tax Reform. Mindful of the impact of high tax rates on the German investment climate, the government in December 1999 proposed significant tax reforms. Enacted in July 2000, these will sharply cut corporate income tax rates, reduce personal income tax rates, broaden the tax base by closing some tax loopholes, and eliminate capital gains tax on sales of equity holdings by one corporation to another corporation. Income tax cuts will be phased in 2001-2005 while the capital gains elimination takes effect in 2002. Along with other more modest tax cuts already enacted, the government estimates its measures will bring total tax relief during 1998-2005 of DM 70 billion (\$35 billion). The elimination of corporate gains tax is considered particularly important as it will promote a beneficial restructuring of Germany's complex corporate cross-holdings and thus encourage more rational capital allocation. In anticipation of a resulting increase in mergers and acquisitions, the government has also proposed a new company takeover law that increases the possibilities for defensive mechanisms by target firms and requires consultation with labor unions.

Pension Reform. Rapid aging of the German population is putting enormous financial pressure on the public pay-as-you-go social security system. Absent major reform, an imminent sharp decline in the ratio of active workers to retirees will force the current system to raise employee

and employer contributions or reduce benefits. The government has therefore proposed reforms that would limit benefits from the public system while encouraging citizens to open new private, funded retirement accounts to supplement the public system. This proposal is highly controversial. While most Germans recognize the need for reform, achieving consensus on a specific program is likely to involve extended contentious debate.

Labor Market Issues. German workers are on average among the highest paid in the world and enjoy generous social welfare and unemployment benefits. As part of its effort to stimulate growth and reduce unemployment, the government is pursuing a policy of encouraging restraint in the growth of labor costs over the medium term. It hopes that such demand management at the macro level will dampen inflationary pressures, thus leaving space for continued accommodative monetary policy to prolong the current cyclical upswing. The government pursues this aim through a tripartite (government, business, labor) body called the Alliance for Jobs. Understandings achieved in this consultative forum have been translated into multi-year wage agreements between employers and unions in several key industries involving modest wage increases.

The success of this strategy is not assured, partly because monetary policy made by the European Central Bank must take account of conditions in all 12 member countries of the European Monetary Union, most of which are currently growing faster than Germany. More broadly, the German labor market faces a number of structural problems. Continuing widespread use of sector-wide wage bargaining agreements results in a high de facto minimum wage that prices lower skilled workers out of the market. Meanwhile, generous unemployment benefits reduce the incentive to take those low-skilled jobs that are available. And despite 9.3 percent unemployment, serious labor shortages exist in many high-skill fields. The government has tried to address these shortages through a so-called "Green Card" program, which has made available 20,000 work visas to foreign IT workers. There are some signs of increasing flexibility in the German labor market, but the government has not promoted significant structural reform, stressing instead its approach through the "Alliance for Jobs."

OVERVIEW

Maintaining economic growth and fostering the continued development of eastern Germany are economic priorities for the German government that also have political implications. The new states of the former German Democratic Republic (East Germany) contain millions of voters, and the government is seeking to bring them up to the economic standards of western Germany as quickly as possible. Accordingly, a high priority continues to be placed on financing eastern development, implying the likelihood of a flow of major project opportunities for years to come.

In addition, Germany's political leadership also wants to promote Germany's competitiveness and various proposals are being considered to modernize the

country's economic infrastructure. Since unification on October 3, 1990, Germany has placed a high priority on improving its relations with its direct neighboring states as well as strengthening transatlantic relations. Recognizing that political stability is nurtured by economic prosperity, Germany has been one of the major sources of assistance to Central European and CIS states.

Germany continues to emphasize close ties with the United States, membership in NATO, progress toward further European integration, and improved relations with Central Europe. German-American political, economic, and security relationships regardless of which administration has been in power in either country have been based on close consultation and coordination at the most senior levels. High-level visits take place frequently, and the United States and the FRG cooperate actively on a wide range of issues in international fora. U.S. Government officials enjoy good access to policy- and decision-makers, and are able to raise issues directly affecting U.S. businesses active in Germany.

Basic Government Structure

Under the German Constitution, known as the Basic Law, the Federal Republic of Germany (FRG) is a parliamentary democracy with a bicameral legislature, an independent judiciary and executive power exercised by a Prime Minister whose title is Chancellor.

The lower house of Parliament, the Bundestag, currently consists of 667 (this number will be reduced to 598 in 2002) deputies elected for a 4-year term. Members are elected through a mixture of a direct vote for constituency candidates and a second vote for party lists. The federal and state electoral laws stipulate that parties must receive at least 5 percent of the national vote (or at least three directly elected seats in federal elections) in order to be represented in the federal and state parliaments. The next national elections will take place in the fall of 2002. One must be 18-years old in Germany to vote.

The Federal President may be elected to two 5-year terms, and his or her duties as Chief of State are largely ceremonial. Executive power is exercised by the Chancellor, who is elected by and responsible to the Bundestag. The Chancellor cannot be removed from office during a 4-year term unless the Bundestag has agreed on a successor.

The upper house, the Bundesrat, comprising 69 members, is composed of delegations from the 16 state governments. Each state has between 3 and 6 votes, depending on its population. The role of the Bundesrat is limited, but it can veto or engage in revision of legislation passed in the Bundestag when the proposed legislation would impose or affect the responsibilities of the states. Among these are matters relating to tax reform, law enforcement and the courts, culture and education, the environment, and social assistance.

The political parties represented in the Bundestag are:

-- The Social Democratic Party (SPD), which abandoned the concept of a strictly working class party in 1959 while continuing to stress social welfare programs. The SPD heads the federal government that took office in October 1998 under

Chancellor Schroeder.

- The Christian Democratic Union and its Bavarian sister party, the Christian Social Union (CDU/CSU). The CDU/CSU is generally conservative on economic and social policy.
- The Alliance 90/The Greens (Buendnis 90/Die Gruenen), which has an environmentalist, pacifist platform, is the junior partner in the current federal coalition government.
- The liberal Free Democratic Party (FDP) identifies itself as a market-oriented, civil libertarian party.
- The Party of Democratic Socialism (PDS), which is the successor party to the communist party of the former German Democratic Republic -- the SED.

OVERVIEW

U.S. companies intending to export to Germany must take into account German demography. To a far greater degree than its European neighbors, Germany's population and industry are decentralized and evenly distributed. Major cities and businesses dot the countryside in a landscape which features no single business center. A U.S. supplier seeking sales in Germany must be careful to ensure that its distributor, or its own dealerships, have a country-wide capability. Too often U.S. companies seem to seek to cover Europe from a single European base, or even through periodic visits from the United States. The German commercial customer expects to be able to pick up the telephone, talk to his or her dealer, and have replacement parts or service work immediately available. U.S. exporters should avoid appointing distributors with impossibly large geographic areas, without firm commitments regarding parts inventories or service capabilities, and without agreements on dealer mark-ups.

Success in the German market, as elsewhere around the world, requires long-term commitment to market development and sales back-up, especially if U.S. companies are to overcome their natural geographic handicap with respect to their European competitors. One of the most commonly voiced complaints still heard from the German business community is about the American penchant for being here today and gone tomorrow. While this approach can produce occasional one-time deals, it is not the way of the competition, whether it be third-country or German, and is definitely not the way to establish a solid position and reputation in the German market.

Too often, U.S. suppliers are perceived by Germans as being unreliable: too quick to defer processing an export order in favor of a subsequent domestic order, too likely to bypass a

successful distributor to deal directly with his customer, and interested in export sales only when domestic order books are unfilled or there is a fortuitous slip in the exchange rate. Many U.S. companies are not seen as long-term players in the market, and are not viewed as likely to provide adequate after-sales support. Distance from the market is no excuse to a customer with a problem.

SERVICES

Services are playing an increasingly important role for Germany's economy. In many studies and reports, the United States has been portrayed as a good example for a service-oriented economy, and many experts believe that a focus on these sectors will provide Germany with an opportunity to significantly reduce unemployment. Despite a still existing reluctance among the workforce, which is traditionally oriented towards manufacturing and industrial processes, growth potential for and the importance of the service sector is considerable.

In 2000, the portion of the country's GDP accumulated in the service sector reached DM billion 2,735.6 (\$ billion 1,367.8) – approximately 68% of the total GDP. Since many manufacturing businesses satisfy their demand for services internally, this figure does not even correctly reflect the importance of the services sector for Germany. The German Federal Economics Ministry estimates that services account for more than 70% of all jobs, a figure slightly below the comparable indicator in the United States.

In many areas, the German government follows EU stipulations opening up service markets, such as telecommunications, postal services, the rail system or energy, which may offer potential for foreign, including U.S., competition. Other sectors, such as the water industry or road haulage may appear to be in general open to competition, but do not at a first glance lend themselves easily to U.S. involvement.

The German government prides itself for having established a liberal, open telecommunications market, following the deregulation of voice telephony in 1998. The number of telecommunication service providers has risen from 1,200 in early 1998 to more than 1,700 - many of them American - and, according to government sources, these companies have created more than 53,000 new jobs.

Nevertheless, the situation of the services industry and the attitude towards individual services leaves room for improvement. U.S. companies considering entering the German services market should be aware that the still comparatively

high tax rates despite modest cuts and complicated tax laws may constitute an obstacle to investors, although deductions, allowances and write-offs help to move effective tax rates to a more internationally competitive level.

E-COMMERCE

Germany's e-commerce market is among the world's most sophisticated, and despite the ongoing consolidation of the "New Economy," the use of the Internet by individuals and businesses in Germany is increasing rapidly. 24.2 million Germans between 14 and 69 years used the Internet in March 2001, up from 19.9 million in December 2000. About 46 percent of this age group now has Internet access. The intensity of usage has increased as well. On average, more than eleven million Germans are online per day, 42 percent of whom are female. While Germany ranks second in global web traffic - 5.56 percent of traffic originates here – there is still a large gap between web traffic originated in Germany and the United States, where 45.02 percent of all traffic originates. Business-to-business (B2B) and Business-to-consumer (B2C) Internet ventures are growing in size and multiplying in number, however, the e-commerce share of Germany's DEM 740 billion (USD 334 billion) trade volume is still below one percent. German companies that engage in e-business generate 17 percent of their sales online and currently spend two percent of their revenues on developing their e-commerce capabilities. The bulk of these investments are targeted at marketing, service and distribution.

B2B – Already 96 percent of German small and medium sized businesses have Internet access and use it mainly for communicating via e-mail, searching for information and marketing their company. Forty-two percent use the Internet to search for suppliers and product information. When it comes to business transactions, many decision makers are still reluctant to utilize the Internet: they prefer fax (78 percent) and telephone (10 percent) for ordering products or services. While virtual marketplaces are getting increasingly popular, many of them will encounter financial difficulties and may presumably cease business within the coming months.

B2C – In the B2C area, Germany is leading Europe, according to recent market studies: 51 percent of Germans with Internet access realized at least one business transaction via the Internet. Favorite purchases were books, followed by music CDs, toys, computer hardware and software, apparel, electronics and cosmetics. Sales figures released by the German retailing company Otto Group reveal that it is the world's second largest online retailer after Amazon. The company's total online sales amounted to DEM 2.1 billion (USD

945 million) for 2000/2001. Selling groceries over the Internet is unlikely to take off in Germany. Tough price competition in this sector means that retailers cannot afford to set up new sales channels. German online shoppers are not loyal: 84 percent of them immediately change the website if they find a better offer. Price and product diversity are the most important competitive factors. U.S. e-commerce companies that want to be successful in Germany need to consider that there is general reluctance to use credit cards. Experience has shown that methods applicable to and successful in the American market need to be modified to be successful in Germany because of cultural differences and differing financing practices.

FINANCIAL SERVICES – Germans were the heaviest European users of banking and financial sites overall in 2000. Germans increasingly trust online banking services. Most German banks offer online services and provide a secure Internet connection before the customers log in to their accounts.

E-GOVERNMENT - Germany offers a good number of e-government services but there is considerable scope for improvement. Federal, state, and local governments are planning to modernize Germany's bureaucracy by setting up an Internet portal, which will offer a package of administrative services to citizens. The German federal government announced plans to have all Internet-capable services from 350 federal agencies online by 2005.

BEST PROSPECTS – For the future, experts believe that travel services, telecommunication products, office equipment and consumer electronics will be increasingly sold via the net, and they expect that music may become an important segment in electronic commerce. Major Users of B2B Solutions are chemical industry, automotive, insurance and steel.

BUY USA

The U.S. Commercial Service launched a business-to-business (B2B) e-marketplace to help U.S. small and mid-sized enterprises (SMEs) find international buyers and distributors for their products, and allows businesses outside the U.S. to view product catalogs and background information on U.S. companies. For U.S. companies, the marketplace offers an additional channel for foreign sales and leads, while foreign businesses have access to product catalogs and company information pre-qualified by the Commercial Service, for additional information, please check www.buyusa.com.

TRADE FAIRS

No business visitor or company wishing to export to Germany can fail to note that trade fairs play a crucial role in marketing in this country, a role perhaps unique in the world. This is not too surprising when one considers that the trade fair movement was born in Germany in the Middle Ages and that, even today, a major portion of the truly world-class vertical fairs take place

within Germany's borders, attracting buyers from around the world. During any given year, one or more major trade fairs will be staged in Germany for almost any product or service. Trade fairs thrive in Germany because they are occasions on which business is actively done, rather than serving simply as public relations venues. U.S. exhibitors at German fairs should bring their order books and be prepared to sell. While U.S. exhibitors and even visitors can often conclude transactions, all attendees can use the great German fairs to conduct market research, see what their worldwide competition is doing, and test pricing strategies. The German fairs should not be thought of as strictly venues for doing business in Germany. The major shows attract buyers from throughout the world, allowing U.S. exhibitors to do business here with buyers from Europe, Asia, Africa, Latin America and even with other U.S. companies.

Both CeBIT 2001, the world's largest computer and telecommunications show, and the 2001 Hannover Trade Fair, the world's largest industrial trade fair of any kind, saw record numbers of visitors and exhibitors. This confirms the conviction that there is no other venue where an American company can get so much product exposure for its marketing dollar. Trade fairs provide a U.S. company interested in entering Germany also with the opportunity to research its market and the potential of its product properly before making a business decision, which is advisable in any case. Not all products can be easily sold and, even in a high-priced country such as Germany, it is important to attach the right price tag to a product.

The promotion of U.S. participation at German trade fairs is also an essential part of "Showcase Europe," a field-driven initiative which is designed to pay tribute to the ongoing integration of a single Europe. "Showcase Europe" concentrates on the following sectors of strategic interest: Aerospace; Energy; Medical Equipment, including Drugs and Pharmaceuticals; Telecommunications and Information Technologies; Environmental Technologies and Equipment; Franchising; and Travel and Tourism. In these fields, the Commercial Service offices located in European countries attempt to concentrate various marketing and advocacy actions. At selected fairs, for example, U.S. Embassy staff will attempt to bring U.S. companies together not only with potential German business partners, but also with visitors from other European countries. "Showcase Europe" also focuses on advocacy on behalf of U.S. business interests and concentrates on further opening the markets in the above listed sectors to U.S. companies, and include official U.S. government advocacy on behalf of American firms bidding on German procurement projects.

ADVERTISING

Besides exhibiting at a German trade fair, in most cases advertising is considered a suitable promotion method. Regulation of advertising in Germany is a mix between judicial rules and voluntary guidelines developed by the major industry associations. Legal rules were established at the beginning of the 20th century by the "Law Against Unfair Competition." This law continues to be valid today, although it has been modified over time. In essence, this law allows competitors to bring suit if advertising "violates good manners."

Many advertising practices that are common in the United States, such as offering premiums, would not be allowed in Germany. Any planned advertising campaigns should be thoroughly discussed with a potential business partner or an advertising agency in Germany. Following is the address of the German association of advertising agencies:

Gesamtverband Werbeagenturen e.V.
(German Association of Advertising Agencies)
Friedensstr. 11
60311 Frankfurt a.M.
Telephone: [49][69] 2560080
Telefax: [49][69] 236883

There are numerous technical or specialized periodicals that deal with all aspects of technology and doing business in Germany. In addition, Germany has a well-developed array of newspapers and magazines, which offer the opportunity to gather information and advertise products and services.

ASSOCIATIONS

For nearly all facets of doing business, there appears to be an industry or trade association that is active in a particular field and which can often serve as a suitable point of contact when trying to establish a partnership.

PUBLIC PROCUREMENT

Selling to German government entities is not always an easy process. However, although there has been a delay in implementing all facets of the EU Utility Directive, in general, German government procurement is non-discriminatory and appears to comply with the GATT Agreement on Government Procurement (the Procurement Code) and the European Community's procurement directives. That said, it is undeniably difficult to compete head-to-head with major German or other EU suppliers with long-term ties to German government purchasing entities.

MARKETING TO THE NEW FEDERAL STATES

While market conditions in the new and old federal states of the

reunited Germany continue to converge impressively, U.S. exporters and potential investors should, nonetheless, be aware that the new federal states of eastern Germany still present, in certain respects, distinctive commercial opportunities and challenges.

For instance, while promotion and investment assistance provided by the German Federal Government usually covers the entire territory of Germany, some programs and terms are more favorable in the new federal states as part of the government-led effort to transform these states of the former East Germany to a market economy. Additionally, at both the federal and state-level there are investment grants, special depreciation and credit programs, and regional promotions, which apply specifically to the new federal states.

One regional promotion initiative of particular interest to U.S. firms interested in market opportunities in the new federal states is the Industrial Investment Council of the New German States (IIC). Through extensive market research, the IIC identified subsequently disseminates information on the distinctive commercial conditions which set eastern Germany apart as a favorable commercial destination -- especially for major U.S. investors in certain key sectors but also, indirectly, for U.S. exporters of all sizes and sectors. Among some of the distinctive conditions which IIC's market research is highlighting for the new federal states are: the degree of wage and labor flexibility across the board; the degree of local flexibility in accommodating major infrastructure projects; technical, workforce, and niche R&D capabilities; transportation logistics and distribution advantages; etc.

MARKETING U.S. AGRICULTURAL PRODUCTS

The Foreign Agricultural Service (FAS), USDA, maintains a U.S. Agricultural Trade Office (ATO) in Hamburg, Germany:

U.S. Agricultural Trade Office
 Alsterufer 28
 20354 Hamburg, Germany
 Tel: [49][40] 4146-070
 Fax: [49][40] 4146-0720
 E-Mail: atohamburg@fas.usda.gov
<http://www.usembassy.de/atohamburg>

The primary objective of the ATO is to facilitate trade in U.S. agricultural products. To meet this goal, the ATO provides the following support and services:

Trade Leads: Designed for German buyers searching for specific U.S. products. More than 36,000 U.S. firms receive trade leads through this system each week.

U.S. Supplier Listings: Lists of U.S. suppliers for use by potential German buyers.

Buyer Alert: Lists of specific products being offered by U.S. exporters.

German Importers: Lists of German importers, by product sector, for use by U.S. exporters.

Market Briefs: Background and basic information on exporting agricultural products to Germany.

USA Promotions: Decoration and other promotional materials for use in special USA promotions.

Trade Shows: Information on key trade shows being held in Germany. Also, coordinate special USA pavilions at certain food shows in Germany, and organize and recruit German buyers for U.S. food and agricultural trade shows.

American Food Directory: Extensive listings of U.S. food and beverage products imported and available for sale in Germany.

The ATO also works closely with numerous U.S. agricultural trade associations and U.S. firms conducting programs designed to boost foreign demand for U.S. agricultural products.

The Foreign Agricultural Service also maintains an Office of Agricultural Affairs, which is located at the U.S. Embassy in Berlin, Germany. This office oversees USDA activities in Germany and can provide information on German food law as well as German import requirements. FAS Berlin may be contacted as follows:

Office of Agricultural Affairs

American Embassy/Berlin

Clayallee 170

14195 Berlin, Germany

Tel: [49][30] 238-5174 (Embassy Switchboard)

Fax: [49][30] 238-6290 (Embassy Number)

<http://www.usembassy.de/embassy.fas>

**Please note: All figures are U.S. Dollars million; e= estimated.
Exchange rate used for non-agricultural sectors: \$1 equals DM 2**

- 1 CSF Computer Software
- 2 CSV Computer Services
- 3 MCS Management Consulting Services
- 4 TES Telecommunication Services
- 5 TRA Travel and Tourism
- 6 CPT Computers and Peripherals
- 7 MED Medical Equipment
- 8 ELC Electronic Components
- 9 DRG Drugs and Pharmaceuticals
- 10 FRA Franchising
- 11 SPT Sporting Goods
- 12 TEL Telecommunication Equipment
- 13 APS Automotive Parts and Services
- 14 POL Pollution Control Equipment
- 15 PCI Industrial Process Controls

1 - Computer Software - CSF

The German software market is booming with anticipated growth rates in the 10 percent range over the next few years. Innovative products will continue to encourage home and business users to upgrade or buy new programs. Customer Relationship Management and Supply Chain Management applications clearly gained momentum and the use of packaged software has been widely incorporated within German organizations. Growth will also increasingly be driven by products for E-Commerce applications, not only for large companies, but also for SMEs. The top ten suppliers hold approximately 30 percent of the German market, mainly with sales of standard software. Analysts estimate that approximately 80 percent of software products sold in Germany are imported, mainly from the United States. Industry-specific and niche products will continue to find excellent sales opportunities in Germany.

	1999	2000	2001(e)
A) Total market size	12,940	14,590	16,450
B) Total local production	5,180	5,840	6,580
C) Total exports	1,650	1,850	2,090
D) Total imports	9,410	10,600	11,960
E) Imports from the U.S.	6,330	7,135	8,050

2 - Computer Services - CSV

The majority of large U.S. computer service providers have facilities in Germany and, for official statistical purposes, are counted as local firms. Computer services continue to be one of the most dynamic segments in the German IT market, with anticipated growth rates in the 10 percent range over the next few years. This growth is mainly influenced by the following factors: increasing reliance on outsourcing, greater use of the Internet and E-Commerce, consolidation and global networks, emergence of new pricing models and remote application hosting. While competition from local companies in Germany exists, U.S. based firms are often perceived as having more experience in the IT environment and therefore have a head start in the business. However, as the European Union continues to expand as a single market, U.S. computer services companies will also meet growing competition from other European countries, mainly from the United Kingdom, France and the Netherlands.

	1999	2000	2001(e)
A) Total sales	13,830	15,490	17,350
B) Sales by local firms	13,280	14,870	16,660
C) Sales by local firms abroad	1,360	1,520	1,710
D) Sales by foreign-owned firms	1,910	2,140	2,400
E) Sales by U.S.-owned firms	1,400	1,570	1,760

3 - Management Consulting Services - MCS

The management consulting business continues to experience steady growth: The turnover for the entire management consulting market has grown as much as 17 percent in 2000; the top 25 management consulting companies were able to increase their turnover by 19 percent. Those companies represent 41 percent of the total market. Obtaining reliable statistical data in this service sector is extremely difficult. (Estimates report that there are almost 10,000 one-man/woman operations on the market.) Experts believe that classification will become even more difficult. Clients of management consultants typically demand non-traditional consulting services and integrated solutions. One ongoing challenge is the lack of qualified employees.

	1999	2000	2001(e)
A) Total sales	11,730	13,720	15,780
B) Sales by local firms	6,200	7,360	8,460
C) Sales by local firms abroad	n/a	n/a	n/a
D) Sales by foreign-owned firms	5,530	6,360	7,320
E) Sales by U.S.-owned firms	4,350	5,090	5,850

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4 - Telecommunications Services - TES

Telecommunications services saw growth rates around 15 percent in recent years, and it will remain one of the most promising service sectors in Germany. While experts expect the telecommunications market to consolidate especially among carriers and Internet access and service providers, and point out that that, due to the high penetration rate (50 percent) in the mobile sector, growth is expected to slow down in these driving segments, there will still be good potential for U.S. suppliers of innovative, sophisticated telecommunication services. It has to be noted that the bulk of the revenues in the carrier segment is still generated by Deutsche Telekom AG (DTAG).

	1999	2000	2001(e)
A) Total sales	40,400	43,300	46,200
B) Sales by local firms	36,900	38,800	41,000
C) Sales by local firms abroad	n/a	n/a	n/a
D) Sales by foreign-owned firms	3,500	4,500	5,200
E) Sales by U.S.-owned firms	2,500	3,000	3,500

5 - Travel & Tourism - TRA

Outbound travel of Germans accounted for USD 48,300 million in 2000. Germany represents the third largest overseas market to the U.S. (after Japan and the United Kingdom). Receipts from German visitors to the United States in 2000 totaled an estimated USD 4,700 million. (1,786,045 Germans visited the United States in 2000.) The Office of Tourism Industries within the Department of Commerce predicts a modest increase in the number of tourists from Germany of 5.8 percent for 2000, despite the unfavorable Dollar – DM exchange rate. Key trends in the travel preferences of Germans: special interest and soft adventure holidays, dual-purpose vacations eco-tourism, personal safety, individual and flexible packages.

	1999	2000	2001 (e)
A) Total sales	43,500	48,310	51,040
B) Sales by local firms	38,400	42,750	45,170
C) Sales by local firms abroad	n/a	n/a	n/a
D) Sales by foreign-owned firms	5,100	5,560	5,870
E) Sales by U.S.-owned firms	4,360	4,830	5,100

6 - Computer & Peripheral Equipment - CPT

Despite strong competition from East Asia and Europe, U.S. computer products are still viewed as innovative products of superior quality and leading edge technology. In 2000, sales of main-frame and mini-computers continued their downward trend, reflecting the continuing move away from these machines to PCs. Germany is, and will remain for the foreseeable future, a major opportunity for sales of American computer products. The United States is expected to retain its 2000 import share of approximately 26 percent at least until 2003. Exports exceed production due to considerable amounts of imported equipment being directly resold abroad or included as value-added equipment in locally manufactured products which are exported.

	1999	2000	2001(e)
A) Total market size	22,900	24,500	26,300
B) Total local production	9,200	9,500	9,800
C) Total exports	11,500	12,300	12,900
D) Total imports	25,200	27,300	29,400
E) Imports from the U.S.	6,400	6,600	6,850

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7 - Medical Equipment - MED

The German market for medical devices is estimated at USD 12.5 billion, approximately 13% of total health expenditures. There are approx. 1,200 local medical device manufacturers, which produced medical devices valued at roughly USD 11 billion in 2000. In part, as a result of health reform 2000 and cost-containment measures, local production is expected to increase moderately, with the total market size estimated to grow by 4% in the year 2001. The medical device market is considered a growth market and provides excellent potential for U.S. suppliers of innovative and price-competitive products. U.S. medical device exporters to Germany hold a 30% market share, and this constitutes almost 1/2 of all U.S. exports of medical equipment to Europe. They will continue to find excellent potential in Germany and Europe.

	1999	2000	2001(e)
A) Total market size	11,850	12,500	13,150
B) Total local production	8,000	8,100	8,300
C) Total exports	7,000	7,200	7,350
D) Total imports	10,850	11,600	12,200
E) Imports from the U.S.	3,250	3,500	3,700

8 - Electronic Components - ELC

The 34.3% growth in the German market for electronic components in 2000 exceeded industry projections by far, with a total market reaching \$18.0 billion. However, only a moderate increase of around 2 % is projected for 2001. Active components (semiconductors, tubes/displays), valued at \$11.4 billion in 2000, account for over 60% of the total ELC market. Semiconductors showed the highest growth with 48.0%. Both, electromechanical components and printed circuit boards increased by 7.0%, passive components by 41%. Prime end-user sectors for electronic components in 2000 were the telecommunications industry (26.8%), data processing (25.1%), automotive electronics (23.4%), and industrial electronics (18.1%). Future market expansion in Germany will be spurred by growth in automotive electronics (8.4%) and industrial electronics (5.0%). Leading U.S. electronic component manufacturers are represented

in Germany, with the United States accounting for 21.4% of ELC imports.

	1999	2000	2001(e)
A) Total market size	14,080	18,900	19,870
B) Total local production	12,150	15,450	15,990
C) Total exports	9,530	9,970	10,810
D) Total imports	11,460	13,420	14,690
E) Imports from the U.S.	2,150	2,870	3,150

9 - Drugs & Pharmaceuticals - DRG

Germany is the world's third-largest market for pharmaceuticals, behind the U.S. and Japan. Despite efforts at cost-cutting, the market is still growing. Expectations for 2001 reflect a 4% growth rate over 2000. Major suppliers to the German market are the United States with an import share of 17.2%, ranking second behind Switzerland (21.8%), and before France (13.4%) and the UK (9.0%). The German pharmaceutical market is very competitive, conducted largely on price, quality, innovation, and training for physicians or complementary service programs. U.S. companies performed particularly well in the fields of innovative life-saving medications and generics. Access to the German market is highly regulated at national and European levels. American pharmaceutical companies can supply through distribution agreements, acquisition of a local company or, by establishing a subsidiary in Germany or another European Union country.

	1999	2000	2001(e)
A) Total market size	14,650	14,940	15,540
B) Total local production	17,680	17,860	17,980
C) Total exports	11,680	12,560	13,540
D) Total imports	8,650	9,640	9,820
E) Imports from the U.S.	1,350	1,550	1,710

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10 - Franchising - FRA

Germany is one of the few mature franchise markets in Europe where local entrepreneurs have already developed sophisticated concepts. A relatively high concentration of franchise chains can be found in the fast food sector (dominated by U.S. concepts), followed by home maintenance, clothing, automotive, recreation, education, cleaning and hotels. Sources expect best potential for training and educational services; express delivery services; theme bistros/restaurants; office, management, accounting and tax services; maintenance, cleaning and sanitation services; advertising; telecommunication; energy; retail stores (specialized); home care services; environmental services. U.S. franchisers must be prepared to adapt to required market norms and standards, invest in market research, test market receptivity through pilot projects and adjust their concepts to German business practices and consumer tastes.

	1999	2000	2001(e)
A) Total sales	19,500	20,880	22,260
B) Sales by local firms	15,600	16,900	17,800
C) Sales by local firms abroad	250	300	370
D) Sales by foreign-owned firms	4,150	4,280	4,830
E) Sales by U.S.-owned firms	2,050	4,490	2,590

11 - Sporting Goods - SPT

Germany is Europe's largest sporting goods equipment market and a very sport minded country. There are no fewer than 86,000 clubs, with nearly 26 million members, associated with the "Deutscher Sportbund" (German Sports Federation). It is through the programs of these clubs, rather than school programs as in the USA, that the nation's elite athletes rise to the top. Excellent opportunities exist for U.S. firms in the German sporting goods market. American sporting goods products, especially those that are "Made in the USA," continue to set trends and gain very popularity in Germany.

	1999	2000	2001(e)
A) Total market size	7,660	8,500	8,800
B) Total local production	6,000	6,600	6,900
C) Total exports	1,670	1,800	1,900
D) Total imports	3,330	3,700	3,800
E) Imports from the U.S.	625	650	680

12- Telecommunications Equipment - TEL

The telecommunications industry is widely regarded as one of the driving forces behind economic growth in Germany. Whether in the areas of multi-media, mobile communications, or the Internet, telecommunications is the key to unlocking German potential for future economic development. Germany has not only been one of the fastest growing markets for mobile equipment - there are more mobile than fixed-line subscribers - but is also very well prepared for any future technology in the telecommunications sector. Thousands of miles of high quality fiber optical cable make the country ready for the application of the future. The United States is Germany's most important import source for telecommunications equipment.

	1999	2000	2001(e)
A) Total market	11,800	13,900	14,500
B) Total local production	12,800	14,900	15,500
C) Total Exports	6,000	6,500	8,000
D) Total imports	5,000	5,500	7,000
E) Imports from the U.S.	950	1,100	1,300

13 - Automotive Parts and Services - APS

U.S. exports of automotive parts and services grew by 8% in 2000, domestic manufacturers held 64 % of the German market. OEM parts manufacturers face fierce competition and, as a result, prices have dropped considerably. Imports of U.S. made original equipment (OEM) and accessories dropped in 2000, while sales of customizing, tuning and servicing products increased. German vehicle exports to the U.S. increased strongly in 2000 and the trend to fit U.S. made "OEM replacement" parts (clutches, exhaust systems) on such vehicles continues. Prospects for exporting of U.S. -manufactured parts to Germany, therefore, remain both healthy and positive.

	1999	2000	2001(e)
A) Total market size	32,090	30,510	37,600
B) Total local production	38,020	38,000	45,000
F) Total exports	17,220	18,240	18,000
G) Total imports	11,290	10,750	10,600
H) Imports from the U.S.	1,680	1,820	1,840

14 - Pollution Control Equipment - POL

The Federal Republic of Germany's progressive approach to environmental legislation has fostered an innovative and globally-competitive environmental technology industry. Since the beginning of the 1970's, governmental policy has required increasingly stringent standards of environmental responsibility from both private and public sectors. Early legislation concentrated on air pollution control and wastewater treatment, but waste management has become the focus of the 1990's and the new millennium. In addition, the 1990's witnessed the extension of the high ecological standards, developed historically in western Germany, to the new states of the former GDR. Experts calculate that from 1991 to 2000 nearly USD 230 billion were invested into environmental protection. Even though at the moment, the general market is stagnating, some special branches have chances of disproportionate growth, such as the recycling market for electronic and plastic waste, since new European directives are coming into effect.

	1999	2000	2001(e)
A) Total market size	78,500	70,500	70,300
B) Total local production	80,400	72,200	72,000
C) Total exports	16,200	14,600	14,500
D) Total imports	14,300	12,900	12,800
E) Imports from the U.S.	1,350	1,200	1,200

15 - Process Controls - PCI

In 2000, industrial process controls from the United States dominated imports to Germany. Total imports to Germany have continued to increase. Due to increasing competition within the EU, German manufacturers need to reduce costs of production and maintain quality levels. In order to achieve this goal, domestic firms are intensifying efforts to automate production. Hence demand for factory and process automation equipment has increased substantially. Insiders anticipate that the market segment of process controls will grow by approximately 10 percent annually over the next two years. The strong demand for automation in the EU cannot be fully met by domestic manufacturers. Thus, the automation equipment market, including software and component parts, offers best prospects to U.S. manufacturers over the next two years at a growth rate of 10 percent annually. Below table refers to the complete process controls market:

	1999	2000	2001(e)
A) Total Market Size	5,395	6,415	7,105
B) Total Local Production	8,625	9,230	9,730
C) Total Exports	6,770	6,610	6,800
D) Total Imports	3,540	3,795	4,175
E. Imports from the U.S.	980	1,165	1,280

Best Prospects for Agricultural Products

(All figures are in metric tons, unless otherwise stated, i.e. hectoliters for wine.)

- 1: Tree Nuts
- 2: Pet Food
- 3: Wine
- 4: Rice
- 5: Edible Sunflower Seeds

1- Tree Nuts - HTP

The category of tree nuts includes pistachios, almonds, pecans, hazelnuts and walnuts. Germany does not produce significant quantities of these nuts, therefore supply is met virtually entirely by imports. Germany is the largest export market for U.S. almonds. A number of U.S. associations actively promote their products in Germany, including Blue Diamond Almond Growers, California Pistachio Commission and the California Walnut Commission. The leading competitor for the United States in the German tree nut market is Turkey. In 2000, U.S. total exports of tree nuts to Germany were valued at \$183 million, out of a total import value of \$577 million.

	1999	2000	2001(e)
A)Total market	163,000	168,000	169,000
B)Production	*	*	*
C)Total exports	25,000	21,000	21,000
D)Total imports	188,000	189,000	190,000
E)Imports from the U.S.	62,000	68,000	75,000

2- Pet Food - G&FD

Germany is one of the leading countries for pet ownership in the world. Even though the majority of pet foods is produced domestically (the market leader is a U.S. firm), interest in specialty, healthy foods for pets is growing rapidly. German pet owners are willing to pay premiums to properly feed their pets. In 2000, U.S. total exports of pet food to Germany were valued at \$8 million, out of a total import value of \$386 million.

	1999	2000	2001(e)
A)Total market	661,000	708,000	710,000
B)Production	530,000	530,000	530,000
C)Total exports	267,000	268,000	270,000
D)Total imports	398,000	446,000	450,000
E)Imports from the U.S	16,000	5,000	6,000

3 - Wine - HTP

Germany is the world's largest importer of wine, with imports totaling 12.1 million hectoliters in 2000, valued at \$1.7 billion. The import figure represents marginally more than 50 percent of total German wine consumption. Italy, France and Spain are the leading suppliers of wine to Germany, with a combined import market share of nearly 80 percent. U.S. wines have developed an increasingly good reputation for quality in the German market. In the past five years the value of Germany's imports of U.S. wines has grown to \$61.0 million in 2000.

HL	1999	2000	2001(e)
A)Total market	19,111	20,061	20,400
B)Production	8,600	10,500	10,500
C)Total exports	2,473	2,541	2,600
D)Total imports	12,984	12,102	12,500
E)Imports from the U.S	147	206	230

4 - Rice - GFD

Germany does not produce rice. Thus supply is met exclusively by imports. German rice millers have a long standing relationship with U.S. exporters of husked brown rice. Beginning 1998, U.S. rice exporters took advantage of a tariff rate quote at zero duty for 38,000 tons of semi-milled and wholly-milled rice. U.S. shipments for this value-added product went up by 10,000 tons replacing shipments of husked rice. U.S. shipments of rice to Germany are valued US\$32 million in 2000. (Please note the units are metric tons.) Market trends indicate that Asian fragrant rice varieties are noticeably gaining market shares which is particularly at the disadvantage of U.S. long grain indica rice shipments to Europe.

	1999	2000	2001(e)
A)Total market	184,074	193,173	195,000
B) Production	*	*	*
C)Total exports	56,867	62,811	63,000
D)Total imports	240,941	255,984	258,000
E)Imports from the U.S.	67,917	63,395	58,000

5 - Edible Sunflower Seeds for Confectionery Uses - COTS

Germany is the largest market for U.S. exports of edible sunflower seed, accounting for almost 50 percent of total U.S. exports. While some German farmers continue to grow edible sunflower seed under contract, on the whole local farmers have not been pleased with crop yields. Marketing efforts on the part of the U.S. National Sunflower Association are expected to assist in the expansion of U.S. exports to this market. In 2000, U.S. total exports of confectionary sunflowers to Germany were valued at \$27 million, out of a total import value of \$49 million.

	1999	2000	2001(e)
A)Total market	77,077	71,782	77,000
B)Production	5,000	5,000	5,000

C)Total exports	4,634	2,916	3,000
D)Total imports	76,711	74,698	75,000
E)Imports from the U.S.	35,842	31,245	32,000

OVERVIEW

Germany's regulations and bureaucratic procedures can be a difficult hurdle for companies wishing to enter the market, requiring close attention by U.S. exporters. Complex safety standards, not normally discriminatory but sometimes zealously applied, complicate access to the market for many U.S. products. U.S. suppliers are well advised to do their homework thoroughly and make sure they know precisely which standards apply to their product, and that they obtain timely testing and certification.

The European Union's (EU) attempts to harmonize the various product safety requirements and related standards for industrial products of its member states have complicated the issue. During a transition period national requirements must be met. (After the transition period, the Europe-wide "CE" mark supersedes all other compliance certificates, provided the products in question are covered by an EU-directive.) The EU's efforts to harmonize standards through the "New Approach" certification-facilitating directives (and separately developed European standards) are incomplete as far as sectors covered. In some cases, U.S. firms, e.g., in the automotive or pharmaceutical sectors, will have to worry about complying with the specific requirements of all applicable "Old Approach" product-specific EU technical legislation.

This is doubly important because, to the extent EU-wide standards are developed, there is a high probability that the existing German standard will form the basis for the eventual European standard. In many cases, Germany will also be the first European country to implement EU-wide standards. The implementation of electromagnetic compatibility standards (EMC), despite a five-year phase-in period, surprised many affected companies - not only foreign but also German - with the result that accredited test laboratories are booked for months and market introduction for some products is delayed considerably.

German buyers may require additional performance or quality

marks, which are not necessarily legally required, but greatly enhance a product's chances to be marketed. Both EU requirements and the standards for a German quality or performance mark will, in many cases, require a product to be modified. Even if the product does not require modification, it will require testing and certification before it can be marketed. Important marks are the "gepruefte Sicherheit" (GS) mark for mechanical products, and the "Verband Deutscher Elektrotechniker" (VDE) mark for electrical components. It should be emphasized that neither the "GS" license nor the "VDE" license are mandatory for products sold in Germany. The only exception is for products for use in certain work place applications, where either of these marks are required to meet insurance eligibility requirements.

The German organization that compiles the standards laying down the requirements for a "GS" mark is the "Deutscher Industrie Normenausschuss - DIN" (German Standards Institute). The organization responsible for testing is the "Technischer Ueberwachungsverein e.V. - TUV," (Technical Inspection Association).

Although the "VDE" license deals with electrical products, instead of mechanical products, the same process of certification can be followed. A company can obtain "VDE" literature from the VDE publisher (VDE Verlag, GmbH), or directly from the VDE association (for contact information please see below).

The TUV tests for both the "VDE" license and the "GS" license. The process for "VDE" certification is the same as that of the "GS" mark. TUVs are private companies set up by various German states to inspect and test products for compliance with German safety standards. Individual TUVs have also been authorized by the German Government to test products for compliance with EU legislation, and many have established representative offices in the United States.

Firms interested in certification should contact a U.S. TUV office (Contact information is provided below).

SELF-CERTIFICATION

For certain products, self-certification of manufacturers (through a Manufacturer's Declaration of Conformity) is sufficient. Further information is available from the contacts listed at the end of this chapter.

EFFECT OF EU HARMONIZATION ON THE "GS" AND "VDE" MARK:

The effect of EU harmonization on the "GS" and "VDE" mark is

difficult to analyze. It is estimated that about 75 percent of all American products sold in the EU must have the "CE" mark once all directives have been passed and all transition periods have expired. Where EU directives are in place the "CE" mark is mandatory by law for products that are covered by the appropriate directive; the mark allows the product to be marketed in all the EU member states. National certificates such as the "GS" and the "VDE" marks, may not be legally required, but enhance marketing chances. German consumers look for these marks in much the same way as Americans look for the "UL" mark.

Currently, over 20 of the 22 proposed and planned EU directives have been adopted: low voltage/ electrical safety, toys, simple pressure vessels, construction products, electro-magnetic compatibility, gas appliances, personal protective equipment, machinery, medical devices, non-automatic weighing machines, type approval of telecommunications terminal equipment, medical devices, hot water boilers, lifts and recreational crafts. For products where there is not yet an EU directive, national standards, even if they are voluntary, should be adhered to, in order to ensure marketability of a product.

Who has the authority to actually affix the "CE" mark? For many products, the mark may be affixed by the manufacturer, based on his or her own testing to verify that the product meets EU requirements. However, EU legislation may require that an independent third party be involved in product assessment.

Who is qualified to be this third party? The EU accredit so-called "notified bodies," i.e. testing or certification agencies. The majority of the TUVs have already been approved - they will play an important role as notified bodies.

CONTACT INFORMATION FOR EU "CE" STANDARDS CERTIFICATION AND STANDARDS:

Ms. Suzanne R. Sens, Standards Officer
Ms. Sylvia Mohr, Standards Specialist
U.S. Mission to the EU (USEU)
Commercial Service
27 Blvd. du Regent
B-1000 Brussels, Belgium
Telephone: [32] [2] 508 2746
Telefax: [32] [2] 513 1228

Mr. Robert Straetz
Office of European Union and Regional Affairs
Room H-3036
International Trade Administration
U.S. Department of Commerce

Washington, D.C. 20230
 Telephone: (202) 482-4496
 Telefax: (202) 482-2155

U.S. CONTACTS FOR FOREIGN STANDARDS INFORMATION:

Ms. JoAnne Overman
 National Center for Foreign Standards Information
 National Institute of Standards and Technology
 TRF Room A163
 Gaithersburg, MD 20899
 Telephone: (301) 975-4040
 Telefax: (301) 975-2128

Europe\Regional, Political, and Economic Affairs
 Room 6519
 U.S. Department of State
 Washington, D.C. 20520
 Telephone: (202) 647-2395

Office of the U.S. Trade Representative
 600 17th St., NW
 Washington, D.C. 20506
 Telephone: (202) 395-3320

American National Standards Institute
 11 West 42nd St.
 13th Floor
 New York, NY 10036
 Telephone: (212) 642-4900
 Telefax: (212) 302-1286

TUV OFFICES IN THE UNITED STATES (HEADQUARTERS):
 (Contact information for regional offices is available from these headquarters or from the U.S. Embassy in Berlin)

TUV Essen Laboratories
 6 Brighton Rd.
 Clifton, NJ 07012
 Telephone: (201) 773-8880
 Telefax: (201) 773-8834
 Contact: Wayne Gruber, Technical Manager

TUV America, Inc.
 Headquarters
 5 Cherry Hill Dr.
 Danvers, Ma 01923
 Telephone: (508) 777-7999
 Telefax: (508) 777-8441
 Contact: Kurt Else, President

TUV Rheinland of North America
 Headquarters
 12 Commerce Rd.
 Newtown, CT 06470
 Telephone: (203) 426-0888
 Telefax: (203) 270-8883
 Contact: John Tyra

VALUE-ADDED TAX/TURNOVER TAX

In common usage, value added tax (VAT) and turnover tax are regarded as being identical. All imports and deliveries of goods to or in Germany are subject to VAT, as are services deemed to have been rendered within the country. The tax liability rests on the German business providing service or products or on the importer or buyer of goods or services from abroad. The tax levied on the business is invoiced to customers, who may deduct it from their own liability. The ultimate burden is therefore on the final consumer, who, not being a business, does not file VAT claims and therefore has no rights of deduction. The basic VAT rate is 16 percent. A reduced rate of 7 percent is levied on certain specified items, such as food, books and other publications. The full amount of the VAT should be listed separately on invoices. For invoices up to DM 200 (USD 100) it is sufficient to indicate only the percentage of the tax rate. Invoices amounting to higher sums must list the payable tax separately. In order to fulfill turnover tax liabilities, all revenues must be listed separately on a pre-payment form of the local tax office. It is important, however, to collect and present all invoices as originals in order to deduct the VAT charged from one's own tax liability or to get reimbursed by the German Ministry of Finance.

CUSTOM REGULATIONS/TARIFFS

Information on customs regulations and tariffs is available from German customs offices, and can differ considerably depending on the products. Please contact the Commercial Service (for contact information, please see Chapter 11).

AGRICULTURAL PRODUCTS

General Veterinary Requirements: In April of 1997, the United States and the European Union (EU) reached an agreement on an overall framework for recognizing as equivalent each other's veterinary inspection systems. Progress made should open new trade opportunities for red meat and preserve most pre-existing trade in products such as pet food, dairy and egg products. The veterinary equivalency agreement covers more than \$1.5 billion in U.S. animal product exports to the EU and an equal value of EU exports to the United States. Despite this progress and a

ruling in favor of the United States by the WTO, the EU continues to bar imports of red meat

All beef and pork exported to Germany for human consumption must come from slaughterhouses, cutting plants and cold stores approved for export to the EU. Since 1989, the EU has prohibited importation of beef from cattle treated with growth hormones. Soon after this ban went into effect, an agreement was reached between the United States and the EU that allows American producers of beef from animals not treated with hormones to export to the EU. Under the terms of this agreement, the cattle must come from an EU-approved source, and the animals must be slaughtered in a slaughterhouse that has been approved by the EU for handling untreated beef.

Beef: The EU beef market is largely insulated from the world market by high import duties on most products. Import opportunities do exist, however, for selected products that are covered by fixed, relatively low tariffs or special quota. Most notably, the EU grants market access for annual imports of up to 11,500 MT of beef from the United States and Canada under its high-quality beef (HQB) quota at a duty of 20 percent. Under the Uruguay Round Agreement, the EU duty on beef livers (which was seven percent in 1994) was eliminated on July 1, 2000.

Pork: Selected market opportunities exist for imports of pork. Market access within the EU has been improved through the creation of a tariff-rate quota totaling 66,500 MT by the year 2000, including a 39,000 MT allocation for tenderloins, boneless loins and boneless hams.

Poultry: Unfortunately U.S. and EU negotiators were not able to reach agreement on a number of important points during the veterinary equivalency negotiations, particularly in the poultry sector. The most contentious issue in the negotiations concerned the use in the United States of chlorinated water and other anti-microbial treatments in poultry processing. However, most forms of anti-microbial treatments are prohibited in the EU. The EU's ban on anti-microbial treatments effectively blocks U.S. poultry exports to the EU which were estimated at \$50 million in 1996.

Dairy Products: The veterinary agreement allows for the resumption of U.S. dairy product exports to Germany, which had been banned for more than one year. Under the Uruguay Round Agreement, the variable levy on dairy products has been replaced by a fixed tariff equivalent.

Plant Health: As part of the Single Market exercise, plant health

regulations in the fifteen European Union Member States have been harmonized. The new regulations went into effect on June 1, 1993. The EU has been successful in reducing the number of phytosanitary restrictions, and new marketing opportunities have been created for U.S. horticultural exports. Phytosanitary certificates are required for most fresh products.

Horticultural Products: Germany is an important market for United States horticultural products. Principal products include almonds, citrus, raisins, prunes and walnuts. Horticultural products entering Germany face a number of border restrictions. In addition to considerable tariffs which vary by product, imports of selected produce (tomatoes, cucumber, artichokes, courgettes, citrus, table grapes, apples, pears, apricots, cherries, peaches, nectarines and plums) are subject to an entry price system. Under such a system imports which have a price at or above the respective entry price are assessed only the appropriate ad valorem duty. Imports which have a price below, but within a certain range of the entry price are assessed the ad valorem duty plus a specific duty which is the difference between the import price and the entry price. "Within a certain range" generally means within eight percent of the entry price. Imports having a price more than eight percent below the entry price are assessed the ad valorem duty plus a very large specific duty (known as the tariff equivalent) which generally takes the cost of the product (import price plus duties) far above the entry price.

Under the Uruguay Round Agreement duties for horticultural products have been reduced in six equal annual installments by an average of 36 percent by July 1, 2000. Increased export opportunities will be created for single-strength orange juice, fresh foliage, shelled and roasted almonds, walnuts, apples, fresh asparagus, fresh grapes, roasted pistachios and potato chips.

Organic Products: There is a growing market within Germany for certified organic products. Since July 1992, union-wide regulations on marketing organic products have been in effect. Administrative hurdles still slow down the development of this promising import market. The U.S. National Organic Program Final Rule recently became effective April 21, 2001 for full implementation in October 2002. Adherence should significantly reduce bureaucratic requirements for trade in certified organic products with the European Union. Until then, importers must work through German authorities to submit oversight information on certified organic products on a case-by-case basis.

Consumer-Ready Products: Imports of consumer-ready food products into Germany face many market access restrictions

and very strict food laws. In addition to bound import duties, the EU has established a complex system of border protection measures for food products. Since prices for basic agricultural commodities such as dairy products, sugar and cereals are considerably higher than world market prices, the EU maintains a mechanism to protect European consumer-ready food products from imports made with lower-price inputs. Therefore, most processed products entering the EU are subject to additional import charges based on the percentage of sugar, milk fat, milk protein and starch in the product. These additional import charges have made many imported processed food products non-competitive in the EU market. In 2000 the Foreign Agricultural Service updated "Accessing Germany's Retail Food Sector - A Guide for U.S. Food and Beverage Suppliers" which is available from USDA/FAS Trade Assistance Promotion Office by contacting SmithMark@fas.usda.gov or hamptonk@fas.usda.gov.

Packaging Disposal: With the tremendous growth of waste and increasing disposal problems, Germany has established legislation which contains certain rules for the disposal of packaging materials. In response to this legislation, a cooperative effort for the collection and recycling of packaging materials was initiated. The organization involved is called the "Duales System Deutschland," and it administers the use of the "Green Dot," a recycling symbol which is found on the packaging material of virtually all products sold in Germany. While packaging material for products sold in Germany is not legally required to carry the Green Dot, it is almost impossible to market a product in Germany without it. Typically, the importer pays a license fee to the user of the Green Dot, dependent on the type and amount of packaging, and provides the exporter with the information necessary. It is expected that beginning January 2002, German retailers will have to request a deposit for disposable or "one-way" drink packages, i.e., soft drink or beer cans. Since the requested deposit is about three times as high as that requested for returnable beer bottles, it disadvantages imported drinks.

U.S. Agricultural Commodity Associations Active in Germany

A number of U.S. agricultural commodity and other trade associations conduct market development programs in Germany. In some cases, these associations maintain staffed field offices in Germany, others may have a trade representative or public relations company representing their interests, and others may cover Germany from other European offices or from offices in the United States. A portion of the funding for the market development programs of these associations is provided by the USDA-operated Market Access Program (MAP) and

Foreign Market Development program (FMD). These associations can be contacted through the U.S. Agricultural Trade Office (ATO) (see first section for phone, address and e-mail).

A listing of the agricultural associations which operate market development programs/activities in Germany, or in Germany as part of a European program, is provided below. Most of these associations receive USDA funding for their activities. Two U.S. agricultural trade associations (American Soybean Association and USA Rice Federation) maintain offices at the American Consulate where the ATO also is also located.

- Alaska Seafood Marketing Institute
- Almond Board of California
- American Forest and Paper Association
- American Hardwood Export Council
- American Plywood Association
- American Peanut Council
- American Quarter Horse Association
- American Seafood Institute
- American Seed Trade Association
- American Sheep Industry Association
- American Soybean Association
- Asparagus USA
- California Agricultural Export Council
- California Pistachio Commission
- California Prune Board
- California Walnut Commission
- Cherry Marketing Institute
- Chocolate Manufacturers Association
- Cotton Council International
- Cranberry Marketing Committee
- Eastern U.S. Agricultural and Food Export Council (EUSAFEC)
- Florida Department of Citrus
- Hop Growers of America
- Intertribal Agricultural Council
- Mohair Council of America
- Mid-America International Agri-Trade Council (MIATCO)
- National Dry Bean Council
- National Honey Board
- National Renderers Association
- National Sunflower Association
- New York Wine and Grape Foundation
- Northwest Wine Promotion Coalition
- Organic Trade Association
- Pear Bureau Northwest
- Southern Forest Products Association
- Southern Pine Marketing Council

- Southern United States Trade Association (SUSTA)
- The Catfish Institute
- The Popcorn Institute
- U.S. Dairy Export Council
- U.S. Livestock Genetics
- U.S. Meat Export Federation
- U.S. Wheat Associates
- USA Dry Pea and Lentil Council
- USA Poultry and Egg Export Council
- USA Rice Federation
- Washington Apple Commission
- Western United States Agricultural Trade Association (WUSATA)
- Western Wood Products Association
- Wine Institute

OPENNESS TO FOREIGN INVESTMENT

The German government and industry actively encourage foreign investment in Germany, and German law treats foreign firms in the same way as it does German firms. Under German law, foreign-owned companies registered in the FRG as a GmbH (limited liability company) or an AG (joint stock company) are treated no differently from German companies. There are no special nationality requirements on directors or shareholders, nor do investors need to register investment intent with any government entity. Foreign companies also generally endure the same or similar investment problems as do domestic firms, such as high marginal income tax rates, inflexible labor laws, and burdensome regulations.

The 1956 U.S.-FRG Treaty of Friendship, Commerce and Navigation affords U.S. investors national treatment and provides for the free movement of capital between the U.S. and Germany. Germany subscribes to the OECD Committee on Investment and Multinational Enterprises' (CIME) National Treatment Instrument and the OECD Code on Capital Movements and Invisible Transactions (CMIT). While Germany's foreign economic law contains a provision permitting restrictions on private direct investment flows in either direction for reasons of foreign policy, foreign exchange, or national security, no such restrictions have been imposed. Industrial policy considerations and lobbying by business interests have, however, delayed decision-making on investment in certain areas. In such a case, the federal government would first consult with the Bundesbank and the governments of the federal states. There is no broad authority to screen or block foreign direct investment.

CONVERSION AND TRANSFER POLICIES

The Deutsche Mark (DM) is a free currency with no restrictions on its transfer or conversion. As a result of European Monetary Union, the DM will be phased out on January 1, 2002 and replaced by the Euro, which will be similarly free, with no restrictions on its transfer or conversion. There is no difficulty in obtaining foreign exchange. There are also no restrictions on inflows and outflows of funds for remittances of profits or other purposes.

EXPROPRIATION AND COMPENSATION

German law provides that private property be expropriated for public purposes only, in a non-discriminatory manner, and in accordance with established principles of international law. There is due process and transparency of purpose, and investors and lenders to expropriated entities receive prompt, adequate, and effective compensation.

DISPUTE SETTLEMENT

Investment disputes concerning American or other foreign investors and Germany are rare. In a case that has been pending since 1994 with the Competition Authorities of the European Commission (EC), U.S. investor United Parcel Service (UPS) has charged the state-owned Deutsche Post (DP) with using its monopoly position in letter delivery to cross-subsidize its package delivery business, creating unfair competition. In March, the EC found DP "guilty" of having misused its dominant market position in another case, thus disposing of another set of charges in which UPS and other investors have had a stake. Germany is a member of the International Center for the Settlement of Investment Disputes (ICSID), as well as a member of the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards. German courts are fully available for foreign investors in the event of investment disputes. The government does not interfere in the court system and accepts binding arbitration. For more information on Germany's law on arbitration, reformed in 1997, see www.internationaladr.com/tc121htm.

PERFORMANCE REQUIREMENTS/INCENTIVES

A comprehensive package of federal and state investment incentives is available to domestic and foreign investors. Germany is in compliance with its WTO TRIMS notification. The government has placed particular emphasis on investment promotion in the New States and offered a large number of incentives to this end. Ongoing efforts to reduce government budget deficits may put pressure on these programs over time. The incentives currently available include:

For the eastern German states and eastern Berlin:

- Tax Incentives: Investment allowances, special depreciation allowance, Eastern Germany Equity Fund.
- Investment Grants: Improvement of Regional Economic Structures Program, grants for research and development, consulting fee and training costs.
- Credit Programs: Loans with below-market interest rates from the Equalization Funds Bank, Kreditanstalt fuer Wiederaufbau (KfW) funds, the European Recovery Program, EU programs, and loan guarantee and credit programs.

Programs for all of Germany:

- Tax Incentives: Special depreciation allowance, capital reserve allowance.

- Investment Grants: Improvement of Regional Economic Structures Program, grants for research and development, consulting fees and training costs.
- Credit Programs: Loans with below-market interest rates from the Equalization Funds Bank, Reconstruction Funds Bank, the European Recovery Program, European Union programs, loan guarantee programs and other programs for small technology firms and environmental demonstration projects.

U.S. and other foreign firms may also participate in government and/or subsidized research and development programs, provided that:

- the company is legally established in Germany;
- the activity is a long-term operation with significant R&D capacities;
- the project engages in sponsored research that is entirely performed in Germany;
- the firm can exploit intellectual property rights independent from a parent company;
- the Federal Ministry of Education, Science, Research and Technology (BMBF) may exploit intellectual property rights from funded research;
- any licensing of technology outside of the EU requires the written approval of BMBF;
- preference is given to locating manufacturing facilities in Germany for any production resulting from the research (this criterion can be modified on a case-by-case basis.)

American business representatives indicate that these formal requirements and the administration of the programs by German authorities do not constitute barriers for access to this R&D funding.

Foreign investors can obtain more information on investment conditions and incentives from:

Federal Commissioner for Foreign Investment in Germany
 Markgrafenstr. 34
 10117 Berlin
 Germany
 tel: (4930) 206-570
 fax: (4930) 206-571-11
 e-mail: office@fdin.de
www.foreign-direct-investment.de
www.invest-in-germany.de

Federal Commissioner for Foreign Investment in Germany
 31 West 52nd Street
 New York, NY 10019
 tel: (212) 469-8031
 fax: (212) 469-2888
 e-mail: ny-office@fdin.de
www.invest-in-germany.de

www.foreign-direct-investment.de

Industrial Investment Council GmbH
 Charlottenstrasse 57
 10117 Berlin
 tel: (4930) 2094-5660
 fax: (4930) 2094-5666
 e-mail: karnath@iic.de
www.iic.de

Industrial Investment Council LLC
 230 Park Avenue, Suite 539
 New York, NY 10169
 tel: 212-983-3660
 fax: 212-983-3661
 e-mail: zindar@iic.de
www.iic.de/iic/offices/newyork.htm

RIGHT TO PRIVATE OWNERSHIP AND ESTABLISHMENT

Foreign and domestic entities have the right to establish and own business enterprises, engage in all forms of remunerative activity, and to acquire and dispose of interests in business enterprises.

The privatization of state-owned utilities has promoted competition and led to falling prices in some sectors. In 1998, Germany began to deregulate and privatize its telecommunications sector. Scores of foreign and domestic companies have invested in that sector, although the government continues to hold a 43 percent stake in the former monopolist Deutsche Telekom (DT). Since then, DT has lost more than one third of the long-distance market to competitors, but maintains a 98.7 percent hold over the "local loop." Competition also came to the electricity markets in April 1998, and foreign firms have invested in it, though with some difficulty, owing to the high fees to access incumbents' networks. Natural gas liberalization came in August 2000, but competitors have had enormous difficulty gaining access to the incumbents' networks. Lufthansa Airlines has also been privatized, but the European Union (EU) requirement that the airline remain majority-owned by EU entities limits the extent of foreign investment. The government also partially privatized Deutsche Post (DP) in November 2000, but the government decided to extend the DP monopoly in letter delivery until 2007. The Cartel Office, which enjoys an excellent international reputation, as well as other regulatory agencies address problems and settle complaints brought forward by foreign market entrants and bidders.

PROTECTION OF PROPERTY RIGHTS

The German Government adheres to a policy of national treatment, which considers property owned by foreigners as fully protected under German law. There is no discrimination against foreign investment and foreign acquisition, ownership, control or disposal of property or equity interests. In Germany, the concept of mortgages is subject to a recognized and reliable

security. Secured interests in property, both chattel and real, are recognized and enforced.

Intellectual property is well protected in Germany. Germany is a member of the World Intellectual Property Organization (WIPO). Germany is also a party to the major international intellectual property protection agreements: the Bern Convention for the Protection of Literary and Artistic Works, the Paris Convention for the Protection of Industrial Property, the Universal Copyright Convention, the Geneva Phonograms Convention, the Patent Cooperation Treaty, the Brussels Satellite Convention, and the Treaty of Rome on Neighboring Rights.

U.S. citizens and firms are generally entitled to national treatment in Germany with only a few exceptions. The federal government's commitment under the intellectual property rights portion (TRIPS) of the Uruguay Round has further reduced concerns about the level of software piracy. Germany's 1993 implementation of the EU software copyright directive, as well as an educational campaign by the software industry, helped to address this problem.

National treatment is also granted to foreign copyright holders, including remuneration for private recordings. Under the TRIPS agreement, the federal government also grants legal protection for practicing U.S. artists against the commercial distribution of unauthorized live recordings in Germany.

TRANSPARENCY OF REGULATORY SYSTEM

Germany has transparent and effective laws and policies to promote competition, including anti-trust and unfair competition laws. The German government recognizes that certain aspects of German tax, labor, health, environmental and safety regulations are overly burdensome and impede new investment. The coalition is attempting to address some of these problems. It has secured parliamentary approval for significant tax reforms that will reduce both business and personal income tax rates, close some tax loopholes to broaden the tax base, and eliminate capital gains tax on holdings sold by one corporation to another corporation. The package takes effect in 2001 with income tax cuts phased in over five years; the capital gains elimination takes effect in 2002. The government has also proposed pension reforms to cope with Germany's aging population and financial problems facing the current pay-as-you-go public social security system. Broadly, these changes would limit benefits from the public system while encouraging citizens to open new private, funded retirement accounts to supplement the public system. The proposed reforms are controversial, however, and it remains uncertain what final form they will take. The government is pursuing these reforms while continuing efforts to reduce its budget deficit.

The German economy is highly regulated with authority dispersed over the federal, state, and local levels. Many new investors consider bureaucracy excessive, which has prompted most state governments to establish

investment promotion offices and investment banks to expedite the process. New rules have simplified bureaucratic requirements, but industry must sometimes contend with officials' relative inexperience with deregulation and lingering pro-regulation attitudes.

Taxation of American firms within the FRG is governed by the 1989 "Convention for the Avoidance of Double Taxation with Respect to Taxes on Income." It has been in effect since 1989 (and since January 1, 1991 for area that comprised the former German Democratic Republic.) With respect to income taxes, both countries agree to grant credit to their respective federal income taxes for taxes paid on profits by enterprises located in each other's territory. The German system is more complex, but there are more similarities than differences between the German and American business tax systems.

American companies can generally obtain the resident and spouse work permit visas they require to do business in Germany, but the relevant laws are quite broad and application of them involves considerable administrative discretion.

EFFICIENT CAPITAL MARKETS AND PORTFOLIOS

Germany has a modern financial market sector but is often considered "overbanked." For example, it has twice as many bank branches per capita as does the United States. The banking system is sound and healthy and a gradual process of consolidation is underway. However, it is dominated by public sector financial institutions. The total assets of 2,740 financial institutions that reported in 2000 were 6.15 trillion Euro. The 294 reporting commercial banks accounted for 1.7 trillion Euro of this amount. The four largest commercial banks (Deutsche Bank, Dresdner Bank, Commerzbank, and Bayerische Hypo- und Vereinsbank) accounted for about 57 percent of total commercial bank assets.

Credit is available at market-determined rates to both domestic and foreign investors and a variety of credit instruments are available. Legal, regulatory, and accounting systems are generally transparent and consistent with international banking norms, although the German accounting system is sometimes criticized for being less transparent than the U.S. system. Germany has a universal banking system that is effectively regulated by federal authorities.

There has been an increase in corporate mergers and acquisitions (M&A) in Germany in recent years, including a few widely publicized cases of hostile foreign takeovers (such as the Mannesmann/Vodafone deal), which have to date been rare. Experts expect the M&A trend to intensify following the elimination of the corporate capital gains tax in 2002.

In anticipation of this increase, the government this year introduced legislation to regulate takeovers more strictly. Aside from covering technical issues like the terms of offer, terms of shares/cash payment, offer prices, and informing stakeholders, the draft also allows defensive measures by

the board of directors and requires extensive consultations with organized labor. The government asserts that the law will treat foreign and German investors equally, but some experts say the draft, if passed in its current form, will actually hinder takeovers. In July, Germany led opposition in the European Parliament to the EU Takeover Directive, which would have harmonized rules on takeovers, forced managers to consult their shareholders in the event of a hostile takeover, and could have increased competitiveness. These measures enjoy broad support both within German industry and organized labor. In recent years, Germany has also implemented a series of laws to improve its securities trading system, including insider-trading laws.

By law, all companies in Germany must have a fluent German speaker on the managing board. Unnecessary red tape is a problem in the financial sector, but according to U.S. firms operating in the market, this problem affects both domestic and foreign firms.

POLITICAL VIOLENCE

Political acts of violence against either foreign or domestic business enterprises are extremely rare. Isolated cases of violence directed at certain ethnic minorities and asylum seekers have not affected U.S. Investments or investors.

CORRUPTION

Germany is among the least corruption-plagued countries of the industrialized world, according to Transparency International, the Berlin-based international "corruption watcher." However, the construction sector, the privatization of former East German enterprises, and the awarding of public contracts represent areas of some continued concern. The European-wide organized crime problem also plays a role in the incidence of corruption. Strict anti-corruption laws apply to domestic economic activity. U.S. firms have not identified corruption as an impediment to investment.

The German government has sought to reduce domestic and foreign corruption. For example, Germany in February 1999 ratified the 1998 OECD Anti-Bribery Convention, thereby criminalizing bribery of foreign public officials by German citizens and firms abroad. Tax reform legislation that became law in March 1999 ended the tax write-off of bribes in Germany and abroad. Germany has increased penalties for bribery of German officials, for corrupt practices between companies, and, under the law against unfair competition, for price-fixing by companies competing for public contracts. It has also strengthened anti-corruption provisions applying to support extended by the official export credit agency. Most state governments have contact points for whistle blowing and provisions for rotating personnel in areas prone to corruption. Government officials are forbidden from accepting gifts linked to their jobs. In July, Munich prosecutors began a formal investigation of the first case applying to a German firm.

Opinions, however, differ on the effect these steps will have in practice. German industry opposes creation of a central, national-level register of companies that would be barred from bidding for public contracts. While the German government has successfully prosecuted hundreds of domestic corruption cases over the years, there have been no prosecutions involving the bribery of foreign government officials since the 1999 changes in German law.

BILATERAL INVESTMENT TREATIES

Germany has ratified treaties with 117 countries and territories: Albania; Antigua and Barbuda; Argentina; Armenia; Azerbaijan, Bangladesh; Belarus; Benin; Bolivia; Bosnia and Herzegovina; Bulgaria; Burundi; Cambodia; Cameroon; Cape Verde; Central African Republic; Chad; Chile; China; Congo (People's Republic); Congo (Democratic Republic); Costa Rica; Croatia; Cuba; Czech Republic; Dominican Republic; Ecuador; Egypt; El Salvador; Estonia; Gabon; Georgia; Ghana; Greece; Guinea; Guyana; Haiti; Honduras; Hong Kong; Hungary; India; Indonesia; Iran; Ivory Coast; Jamaica; Jordan; Kazakhstan; Kenya; Republic of Korea; Kuwait; Kyrgyzstan; Laos; Latvia; Lebanon; Lesotho; Liberia; Lithuania; Macedonia; Madagascar; Malaysia; Mali; Malta; Mauritania; Mauritius; Mexico; Moldova; Mongolia; Morocco; Namibia; Nepal; Nicaragua; Niger; Oman; Pakistan; Panama; Papua New Guinea; Paraguay; Peru; Philippines; Poland; Portugal; Qatar; Romania; Russia; Rwanda; Saudi Arabia; Senegal; Sierra Leone; Singapore; Slovak Republic; Slovenia; Somalia; South Africa; Sri Lanka; St. Lucia; St. Vincent and the Grenadines; Sudan; Swaziland; Syria; Tajikistan; Tanzania; Thailand; Togo; Tunisia; Turkey; Turkmenistan; Uganda; Ukraine; United Arab Emirates; Uruguay; Uzbekistan; Venezuela; Vietnam; Yemen (Arab. Rep.); Yugoslavia (SFRY); Zambia; and Zimbabwe.

Germany has signed, but not yet ratified, treaties with the following 15 countries. These include new treaties signed with some of the countries of the former Soviet Union and the former Yugoslavia, which also remain listed above as prior treaties with these entities remain in effect.

Country	Signed	Temporarily Applicable
Algeria	03/11/96	No
Barbados	12/02/94	No
Botswana	05/23/00	No
Brazil	09/21/95	No
Brunei	03/30/98	No
Burkina Faso	10/22/96	Yes

Cambodia	02/15/99	No
Gabon	09/15/98	Yes
Israel	06/24/76	Yes
Kenya	05/03/96	No
Kyrgyzstan	02/15/99	No
Moldova	02/28/94	No
Nigeria	03/29/00	No
Palestine	07/10/00	No
Sri Lanka (new treaty)	02/07/00	No

Germany has initialed, but not yet signed, new treaties with Angola (03/16/01); Bosnia/Herzegovina (03/12/99); Ethiopia (06/14/95); and Iran (04/10/01).

OPIC AND OTHER INVESTMENT PROGRAMS

OPIC programs were available for the New States of Germany following reunification for several years during the early 1990s, but were suspended following the extraordinary achievements in the economic and political transition.

LABOR

The German labor force is generally highly skilled, well-educated, disciplined, and very productive. However, the labor market is characterized by various structural problems, German wages and fringe benefits are among the highest in the world, and, partly as a result, unemployment is very high (9.6 percent). Sector-wide wage bargaining agreements result in high de facto minimum wages, pricing lower skilled workers out of the market. Meanwhile, generous unemployment benefits reduce the incentive to take those lower paying jobs that are available. Legislation designed to protect workers limits the ability of employers to adapt to dynamic market conditions, which requires them to be able to shed redundant workers or modify their workforce makeup. The current government has been unwilling to loosen these laws, and has even rescinded small changes made by the former government intended to provide employers with somewhat more flexibility.

The country's system of combined on-the-job and academic training for apprentices produces many of the skills employers need. While widely supported in Germany, there are criticisms of the dual system. Employers, for example, object to its "rigidities" – in principle protective rules, such as restrictions on night work. Another criticism is that the system is too inflexible with regard to occupational categories and training standards. The major union complaints are that employers do not establish enough training slots and do not hire enough of the trainees after their training is completed. Despite these criticisms, companies reported a balance in the supply of and demand for training positions in 2000 for the first time since 1995.

Despite overall high unemployment, a serious labor shortage has appeared in some high-tech sectors, prompting business calls for easier visa procedures for qualified foreign guest workers, especially in the information technology field. The government has responded with a program to attract more foreign specialists.

Unionized labor (about 31 percent of the labor force) is organized in a few large umbrella unions largely grouped by industry sector. Labor has traditionally been able to agree with management with relatively few work stoppages. The law limits management recourse to lockouts while "co-determination" laws give the unions significant voting representation on the supervisory boards of large companies and participation and consultation rights in company decisions through a network of "works councils."

In late June, the Bundestag, the lower chamber of parliament, passed a controversial "Works Constitution Act Reform" bill, which intends to modernize 1972 legislation that governs workers' participation rights in the workplace. The changes are the first in almost thirty years and are designed to respond to the trend towards small and medium-sized companies, including those in new sectors of the economy. The new law will take effect August 1 and will speed up procedures to establish works councils and strengthen their consultation and participation rights. Critics from across the political spectrum and the business community have challenged the new law for being overly bureaucratic, increasing labor costs, discouraging foreign investment and providing disincentives to job creation.

FOREIGN-TRADE ZONES/FREE PORTS

There are no free trade zones or free ports in Germany.

FOREIGN DIRECT INVESTMENT STATISTICS

There are a number of sources of statistics on the origin and magnitude of foreign investment, employing varying methods and definitions. According to the U.S. Department of Commerce, the cumulative volume (direct investment position on a historical-cost basis) of American investment in Germany as of 1994, about \$39 billion, was roughly equal to that of German investment in the United States. Thereafter, however, annual flows of new German investment into the United States exceeded flows of

American investment into Germany. As a result, by 2000, the cumulative position of German investment in the United States had reached \$161 billion, having more than doubled since 1995, while U.S. investment in Germany was valued at just over \$55 billion.

Statistics issued by the German Bundesbank (central bank) employ different definitions but confirm that German investment abroad has in recent years exceeded foreign investment in Germany, though the latter has also grown rapidly. On these figures, net new foreign direct investment in Germany more than tripled from Euro 52.5 billion in 1999 to Euro 191.1 billion in 2000. Although U.S. firms as a group were the third largest foreign investors in Germany in 1999, U.S. net new investment in Germany decreased by \$1 billion in 2000. New German investment abroad decreased from Euro 103.1 billion in 1999 to Euro 52.7 billion in 2000. The U.S. was the number-one location for German business abroad in 2000, which invested Euro 26.8 billion in the United States (or 51 percent of the total).

Using more expansive definitions, statistics from the American Chamber of Commerce in Germany (Amcham) put the cumulative volume of U.S. direct investment as of April 1999 at DM 190 billion (\$104 billion). Statistics for 2000 are not yet available. The German Ministry of Economics estimates that as of end-1997, American firms investing in Germany employed 554,000 people, while German firms investing in the United States employed 485,000 people.

Table 1. Germany's International Investment Position

Calendar Year (Euro billion)	1998	1999	2000
Net Direct Investment By German Nationals/Entities Abroad	79.7	103.1	52.7
Net Direct Foreign Investment in Germany	21.8	52.5	191.1

(Source: Deutsche Bundesbank. 1998 figures converted from DM to Euro at 1 Euro = DM 1.95583)

Table 2. Foreign Direct Investment by Sector (1999 – DM million)

Chemical industry	38,132
Holding companies	29,569
Credit and banking	18,091
Machine tools	15,535
Petroleum, nuclear materials processing	9,904
Insurance	4,404
Electric power equipment, distribution	3,040
Trade services, wholesale trade	1,570
Rubber and plastic	892
Property and housing	806
Agriculture and fishery	676
Cars and car parts	553
Metal goods	537

(Source: Economics Ministry; figures omit reinvested earnings)

Table 3. Top 25 U.S. investors in Germany in 1999 (in rank order):

Adam Opel AG
 Ford-Werke AG
 Esso Deutschland AG
 General Electric Deutschland
 Phillip Morris GmbH
 IBM Deutschland GmbH
 Hewlett-Packard GmbH
 Procter and Gamble
 Conoco Mineraloel GmbH
 Motorola Deutschland
 Wal-Mart Germany
 Dow Deutschland, Inc.
 McDonald's Deutschland
 Kraft Jacobs Suchard Erzeugnisse GmbH

German Coca-Cola Organization
 Intel GmbH
 Compaq Computer GmbH
 Deere and Company European Office
 Du Pont de Nemours (Deutschland) GmbH
 Delphi Automotive Systems GmbH
 Mobil Oil AG
 Effern GmbH
 TRW Deutschland GmbH
 Honeywell AG
 Kodak AG
 (Source: American Chamber of Commerce in Germany)

Germany has a basically non-discriminatory, well-developed financial services infrastructure. Germany's universal banking system allows the country's more than 45,000 bank offices not only to take deposits and make loans to customers, but also to trade in securities. The traditional German system of cross-share holding among banks and industry, as well as a high rate of bank borrowing relative to equity financing, have allowed German banks to exert substantial influence on industry in the past. Germany's recent tax reform, however, eliminated the capital gains tax on holdings sold by one corporation to another as of January 2002. This change is considered especially important to promote industrial restructuring, unwind Germany's complex web of interlocking corporate ownership, and rationalize capital allocation.

Private banks control roughly 30 percent of the market, while publicly owned savings banks controlled by state and local governments account for 50 percent of banking turnover, and cooperative banks make up the balance. All three types of banks offer essentially the same, full range of services to their customers. An array of specialist banks finance homeowner mortgages, provide guarantees to small and medium-sized businesses, finance projects in disadvantaged regions in Germany and guarantee exports to developing countries.

Practices regarding finance, availability of capital and schedules of payment are comparable to those which prevail in the United States. There are no restrictions or barriers on the movement of capital, foreign exchange earnings or dividends. Virtually all major U.S. banks are represented in the German market, principally but not exclusively in the city of Frankfurt am Main, Germany's main financial center. A large number of German banks, including some of the partially state-owned regional banks, similarly maintain subsidiaries, branches and/or representative offices in the United States. Germany's "big three" private banks are Deutsche Bank, Dresdner Bank and Commerzbank.

Neither Germany's legal system or its fully developed infrastructure present any obstacles for traveling to the country. Traveling by plane, train or car

meets international, but prices exceed U.S. standards. The number of in-country flights has been picking up and the train stations that dot the country provide sufficient access to nearly all cities. Nevertheless, cars are the most popular means of transport and Germany's famous highway system is extensive. The condition of roads in eastern Germany may still not reach western German standards, but they are no barrier to traveling. Geographic distances are relatively short, when compared to the United States, but as Germany is much more densely populated than its European neighbors, it may take a little longer to travel the same distance in the FRG than it may take in France or Scandinavia. Especially the industrial and commercial centers in the Rhine-Main (Frankfurt) and Rhine-Ruhr areas are densely populated and heavily industrialized, and business travelers are well advised to plan on timely departures to reach their destination in time. Train and air travel are also efficient means of travel, with timely and comprehensive connections between all major and many minor cities throughout both eastern and western Germany.

There is sufficient hotel space in most major cities, unless there happens to be a major trade fair or a similar event in a particular city. Business class amenities and services can be found in all major cities, including those in the eastern states.

Visas are not required for U.S. passport holders on business (and leisure) travel spending fewer than 90 days in Germany; for longer stays, travelers are encouraged to apply to the German Embassy or German Consulates in advance of travel (see addresses in Appendix E, part VII).

Travel Guides for Business Representatives are available for sale by the Superintendent of Documents. U.S. Government Printing Office, Washington, D.C. 20402; phone: (202) 512-1800; fax: (202) 512-2250. Business travelers to Germany seeking appointments with U.S. Mission officials should contact the commercial sections of the Embassy or the Consulates General in advance. [For contact information, please see Section 11. U.S. and Country Contacts.]

Germany-wide holidays in FY 2002:

October 3		Day of German Unity
October 31	(4,9,13,14,16)	Reformation Day
November 1	(1,2,10,11,12)	All Saints Day
November 21	(13)	Repentance Day
December 25		Christmas
December 26		Second Christmas Day

January 1		New Years Day
January 6	(1,2,14)	Epiphany
March 29		Good Friday
April 1		Easter Monday
May 1		German Labor Day
May 9		Ascension Day
May 20		Whit Monday
May 30	(1,2,7,10,11,12,13,16)	Corpus Christi Day
August 15	(2,13)	Assumption Day

The above numbers denote that the respective holidays are observed in the following federal states:

- 1 = Baden-Wuerttemberg
- 2 = Bavaria
- 3 = Berlin
- 4 = Brandenburg
- 5 = Bremen
- 6 = Hamburg
- 7 = Hesse
- 8 = Lower Saxony
- 9 = Mecklenburg-Pommerania
- 10 = Northrhine-Westphalia
- 11 = Rhineland-Palatinate
- 12 = Saarland
- 13 = Saxony
- 14 = Saxony-Anhalt
- 15 = Schleswig-Holstein
- 16 = Thuringia

A.) COUNTRY DATA

- a. Population: 83 million (2000), including 17.2 million in eastern Germany and 7.4 million foreigners (d).
- b. Religion: 34% Protestant, 33% Catholic.
- c. Government: Constitutional, parliamentary confederation
Head of State: Johannes Rau, President
Head of Government, Gerhard Schroeder, Chancellor
- d. Language: German

B.) DOMESTIC ECONOMY

		1997	1998	1999	2000	Source
a.	GDP (current, DM bill)	3,666.6	3,784.2	3,877.1	3,976.1	(c)
b.	GDP (current, \$ bill)	2,119.4	2,158.1	2,118.6	1,877.6	(c)
c.	Real GDP Growth Rate (%)	+1.5	+2.2	+1.5	+3.0	(c)
d.	GDP per Capita (\$)	25,824.0	26,318.0	26,513.0	22,852.4	(c)
e.	Fed Govt Expenditure(% GDP)	14.3	12.1	12.5	14.3	(1)(c)
f.	Public Expenditure(% GDP)	47.5	48.3	48.4	48.6	(1)(c)
g.	Inflation/Cost of Living (%)	1.9	1.0	0.6	2.1	(c)
h.	ForEx Reserves (\$ bill)	44.2	57.1	51.9	49.3	(a)
i.	Unemployment (%)	11.4	11.1	10.5	10.6	(a)
j.	Exchange Rate (\$/DM)	1.7348	1.7592	1.83	2.17	
k.	Ext'l Public Debt (\$ bill)	406.4	439.1	442.3	399.7	(a)
l.	Wages (1995=100)	104.2	106.2	109.2	111.4	(a)
m.	Productivity	n/a	n/a	n/a	n/a	

III.	Productivity (1995=100)	11/a	11/a	11/a	11/a	
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C.) TRADE

		1997	1998	1999	2000	Source
a.	Total export (fob/\$ bill)	513.6	542.7	549.0	551.2	(a)
b.	Total import (cif/\$ bill)	446.3	470.6	478.9	499.7	(a)
c.	Imports from U.S. (fob/\$ bill)	24.5	26.7	26.8	28.6	(b)
d.	Exports to U.S. (fas/\$ bill)	43.1	49.8	55.2	56.5	(b)

e. Principal U.S. exports: computers & software, aircraft, motor vehicles, analytical/medical equipment, telecommunications equipment & services.

f. Principal U.S. imports: motor vehicles/parts, machine tools, machinery, analytical/ diagnostic equipment, chemicals.

g. Foreign supplier share of German imports (%):

		1997	1998	1999	2000	Source
1.	France	10.5	11.0	10.3	9.6	(a)
2.	Netherlands	8.7	8.0	7.9	8.9	(a)
3.	Italy	7.9	7.7	7.3	6.7	(a)
4.	United States	7.6	8.2	8.2	8.6	(a)
5.	United Kingdom	7.0	6.8	6.5	7.1	(a)

	Kingdom					
6.	Belgium/ Luxembourg	6.1	5.6	5.2	5.2	(a)
7.	Japan	4.9	5.0	4.8	4.9	(a)
8.	Austria	3.8	3.9	4.0	3.8	(a)
h.	BOP, Current Acct (\$ bill)	-2.2	-5.5	-15.5	-21.2	

i. Trade balance with world & leading trading partners (\$ bill):

		1997	1998	1999	2000	Source
	** World **	67.1	73.1	71.0	55.5	(a)
1.	Austria	10.2	10.6	10.0	9.8	(a)
2.	United Kingdom	11.9	14.0	13.2	10.2	(a)
3.	France	7.7	9.7	12.9	15.1	(a)
4.	United States	10.2	12.2	16.4	13.0	(a)
5.	Belgium/Lux.	2.4	4.5	5.6	4.4	(a)
6.	Italy	2.3	3.4	5.5	8.1	(a)
7.	Netherlands	-2.6	-1.4	-2.5	- 8.9	(a)
8.	Japan	-9.8	-12.9	-11.9	-12.1	(a)

j. Import policy:

1. Tariffs: EC Common External Tariff.
2. Taxes: Value Added Tax (VAT) of 16% on industrial goods.
3. Licensing: Few restrictions.

k. Best U.S. export prospects: Computer Software, Computer Services, Management Consulting Services, Telecommunication Equipment and Services, Travel and Tourism, Computers and Peripherals, Medical Equipment, Electronic Components, Drugs and Pharmaceuticals, Franchising, Sporting Goods, Automotive Parts and Services, Pollution Control Equipment, Industrial Process Controls

SOURCES:

- a. German Federal Bank Monthly Reports and supplements
- b. Official statistics of the U.S. Department of Commerce
- c. German Federal Statistical Office

A. COUNTRY CONTACTS

Federal Ministry of Economics
 Bundesministerium fuer Wirtschaft & Technologie
 Mr. Wolfgang Hantke, America Desk Officer
 Scharnhorststrasse 34-37
 10115 Berlin, Germany
 Telephone: [49][30] 2014-7578 and 01888-615-7578
 Telefax: [49][30] 2014-5479 and 01888-615-5479
 Email: info@bmwi.bund.de
www.bmwi.de

Bundesministerium fuer Wirtschaft & Technologie
 Dr. Bernard Veltrup, Head of Division - New States
 Scharnhorststrasse 34-37
 10115 Berlin, Germany
 Telephone: [49][30] 2014-6260
 Telefax: [49][30] 2014-5364
 Email: info@bmwi.bund.de
www.bmwi.de

Federal Bureau for Foreign Trade Information
 Bundesstelle fuer Aussenhandelsinformation
 Mr. Wolfgang Potthast, North American Desk Officer
 Agrippastrasse 87-93
 50676 Koeln, Germany
 Telephone: [49][221] 20 57-249
 Telefax: [49][221] 20 57-212
www.bfai.de

Federal Ministry of Finance
 Bundesministerium fuer Finanzen
 Wilhelmstrasse 97
 10117 Berlin, Germany
 Telephone: [49][30] 2242-0
 Telefax: [49][30] 2242-3260
www.bundesfinanzministerium.de

B. COUNTRY TRADE ASSOCIATIONS/CHAMBERS OF COMMERCE

Bundesverband der Deutschen Industrie e.V. (BDI)

(Federation of German Industries)

Breite Strasse 29

10178 Berlin, Germany

Telephone: [49][30] 2028-0

www.bdi-online.de

Deutscher Industrie und Handelskammertag (DIHK)

(Federation of German Chambers of Industry and Commerce)

Breite Strasse 29

10178 Berlin, Germany

Telephone: [49][30] 203 08-0

Telefax: [49][30] 203 08-1000

Email: dihk@bonn.dihk.de

www.dihk.de

Bundesverband des Deutschen Gross- und Aussenhandels e.V. (BGA)

(Federation of German Wholesale and Foreign Trade)

Am Weidendamm 1 A

10117 Berlin, Germany

Telephone: [49][30] 5900 995-0

Telefax: [49][30] 5900 995-19

www.bga.de

Zentralverband Elektrotechnik- und Elektronikindustrie e.V. (ZVEI)

(German Electrical and Electronic Manufacturers Association)

Stresemannallee 19

60596 Frankfurt/Main, Germany

Telephone: [49][69] 6302-0

Telefax: [49][69] 6302-317

Email: zvei@zvei.org

www.zvei.de

Verband Deutscher Maschinen- und Anlagenbau e.V. (VDMA)

(German Association of Machinery and Plant Manufacturers)

Lyoner Strasse 18

60528 Frankfurt/Main, Germany

Telephone: [49][69] 6603-0

Telefax: [49][69] 6603-1511

Email: puoe@vdma.org

www.vdma.de

Centralvereinigung Deutscher Handelsvertreter- und Handelsmakler-

Verbaende (CDH)

(General Association of Commercial Agents and Brokers)

Am Weidendamm 1a

10117 Berlin, Germany
 Telephone: [49][30] 72625-600
 Telefax: [49][30] 72625-699
 Email: berlin@eservice.cdh.de
www.cdh.de

C. COUNTRY MARKET RESEARCH FIRMS

It would exceed the scope of this guide to list even only the major market research or consultant companies. Most of these firms belong to one or both of the following associations and can be contacted through these.

Bundesverband Deutscher Unternehmensberater e.V. (BDU)
 (Federal Association of German Consultants)
 Mr. Christoph Weyrather
 Zitelmannstr. 22
 53113 Bonn, Germany
 Telephone: [49][228] 9161-0
 Telefax: [49][228] 9161-26
 Email: info@bdu.de
www.bdu.de

Arbeitskreis Deutscher Markt- und Sozialforschungsinstitute e.V. (ADM)
 (Federation of German Market and Social Research Institutes)
 Dr. Klaus L. Wuebbenhorst, Member of the Board
 Langer Weg 18
 60489 Frankfurt/Main, Germany
 Telephone: [49][69] 97843136
 Telefax: [49][69] 97843137
 Email: adm.ev@t-online.de
www.adm-ev.de

D. COUNTRY COMMERCIAL BANKS

There are numerous domestic and foreign banks represented in Germany; among the largest German and American institutions are:

Deutsche Bank AG
 Taunusanlage 12
 60325 Frankfurt am Main, Germany
 Telephone: [49] [69] 91 000
 Telefax: [49] [69] 910-34225
 Email: deutsche-bank@db.com
www.deutsche-bank.de

Dresdner Bank AG
 Juergen-Ponto-Platz 1
 60301 Frankfurt am Main, Germany
 Telephone: [49] [69] 263-0
 Telefax: [49] [69] 263-4004
www.dresdner-bank.com

Westdeutsche Landesbank
Herzogstrasse 15
40217 Dusseldorf, Germany
Telephone: [49] [211] 826-01
Telefax: [49] [211] 826-6119
www.westlb.de

Commerzbank AG
Neue Mainzer Strasse 32-36
60311 Frankfurt am Main, Germany
Telephone: [49] [69] 1362-0
Telefax: [49] [69] 1362-4068
Email: info@commerzbank.com
www.commerzbank.com

Citicorp
Gutleutstr. 80
60329 Frankfurt am Main, Germany
Telephone: [49] [69] 2603-0
Telefax: [49] [69] 2603-103

Salomon Brothers AG
Kaiserstrasse 29
60311 Frankfurt am Main, Germany
Telephone: [49] [69] 2607-0
Telefax: [49] [69] 2607-372

JP Morgan GmbH
Boersenstr. 2-4
60313 Frankfurt am Main, Germany
Telephone: [49] [69] 7124-0
Telefax: [49] [69] 7124-1306
www.jpmorgan.com

Goldman-Sachs & CO OHG
Messturm
Friedrich-Ebert-Anlage 49
60308 Frankfurt am Main, Germany
Telephone: [49] [69] 7532-1000
Telefax: [49] [69] 7532-1809
www.gs.com

Chase Manhattan Bank
Grueneburgweg 2
60322 Frankfurt am Main, Germany
Telephone: [49] [69] 7158-0
Telefax: [49] [69] 7158-2209
www.chase.com

Merrill Lynch Bank AG
Neue Mainzer Strasse 75
60311 Frankfurt am Main, Germany
Telephone: [49] [69] 5899-0
Telefax: [49] [69] 5899-4000

E. U.S. EMBASSY TRADE PERSONNEL

UNITED STATES EMBASSY, BERLIN, GERMANY

Mailing Address:

U.S. Embassy Berlin
PSC 120, Box 1000

APO AE 09265

Street Address:

U.S. Embassy Berlin

Neustaedtische Kirchstrasse 4-5
10117 Berlin
Telephone: [49] [30] 238-5174 (Switchboard)
Telefax: [49] [30] 2045-4466
www.usembassy.de

Ambassador
Vacant

Deputy Chief of Mission
Mr. Terry R. Snell

Minister Counselor for Commercial Affairs
Ms. Kay R. Kuhlman
Telephone: [49][30] 8305 2740
Telefax: [49][30] 2045 4466
@mail: kay.kuhlman@mail.doc.gov

Minister Counselor for Economic Affairs
Mr. David D. Nelson
Telephone: [49][30] 8305 2305
Telefax: [49][30] 204 4457
@mail: nelsondd@state.gov

Counselor for Agricultural Affairs
Mr. Richard K. Petges

Telephone: [49][30] 8305 1150
 Telefax: [49][30] 8431 1935
 @mail: Petges@fas.usda.gov

U.S. Representative to the European Central Bank
 Mr. James G. Wallar
 U.S. Consulate General Frankfurt
 Siesmayerstrasse 21
 60323 Frankfurt
 Telephone: [49][69] 7535 2459
 Telefax: [49][69] 7535 2238
 @mail:

U.S. CONSULATES

Dusseldorf
 U.S. & Foreign Commercial Service
 Mr. Edward Fantasia, Commercial Representative
 Willi-Becker-Allee 10
 40227 Dusseldorf, Germany
 Telephone: [49][211] 737-767-0
 Telefax: [49][211] 737-767-67
 @mail: dusseldorf.office.box@mail.doc.gov

Frankfurt/Main
 U.S. & Foreign Commercial Service
 Mr. Todd Thurwachter, Commercial Officer
 Siesmayerstrasse 21
 60323 Frankfurt/Main, Germany
 Telephone: [49][69] 956204-0
 Telefax: [49][69] 561114
 @mail: frankfurt.office.box@mail.doc.gov

Hamburg
 U.S. & Foreign Commercial Service
 Mr. James Finlay, Commercial Representative
 Alsterufer 27/28
 20354 Hamburg, Germany
 Telephone: [49][40] 4117 1224
 Telefax: [49][40] 4106 598
 @mail: hamburg.office.box@mail.doc.gov

Leipzig
 U.S. & Foreign Commercial Service
 Dr. Birgit Lehne, Commercial Specialist
 Wilhelm-Seyfferth-Strasse 4
 04107 Leipzig, Germany
 Telephone: [49][341] 2138 440
 Telefax: [49][341] 2138 441
 @mail: leipzig.office.box@mail.doc.gov

Munich
 U.S. & Foreign Commercial Service
 Mr. Bryan Smith, Commercial Officer
 Koeniginstrasse 5
 80539 Munich, Germany
 Telephone: [49][89] 288 8754
 Telefax: [49][89] 285 261
 @mail: munich.office.box@mail.doc.gov

Other Country Contacts

U.S. Agricultural Trade Office
 Alsterufer 27/28
 20354 Hamburg, Germany
 Telephone: [49][40] 4146070
 Telefax: [49][40] 41460720
 @mail: info@fas.usda.gov
www.fas.usda.gov

Washington-based Country Contacts

U.S. Department of Commerce
 International Trade Administration
 Desk Officer for Germany
 Room 3513
 Washington, DC 20230
 Telephone: (202) 482-2434
 Telefax: (202) 482-2897
www.ita.doc.gov

U.S. Department of State
 Germany Desk
 EUR/AGS/Room 4227
 Washington, DC 20520
 Telephone: (202) 647-2672
 Telefax: (202) 647-5117
 @mail: richhartr@state.gov
www.state.gov

U.S. Department of the Treasury
 Ms. Carol Carnes
 Germany Desk Officer
 3107 NY Ave
 Washington D.C. 20220
 Telephone: (202) 622-1235
 Telefax: (202) 622-0134
www.ustreas.gov

Office of the U.S. Trade Representative
 Office of Europe and the Mediterranean

Executive Office of the President
 600 17 Street NW
 Washington, DC 20508
 Telephone: (202) 395-3320
 Telefax: (202) 395-3320
www.ustr.gov

U.S.-based Multipliers

Embassy of the Federal Republic of Germany
 4645 Reservoir Road, N.W.
 Washington, D.C. 20007-1198
 Telephone: (202) 298-4000 (switchboard)
 Telefax: (202) 298-4249

CMA - German Agricultural Marketing Board
 North American Office
 1800 Diagonal Road, Suite 210
 Alexandria, Virginia 22314
 Telephone: (703) 739-8900
 Telefax: (703) 739-8910
 @mail: info@cmnorthamerica.org
www.cmnorthamerica.org

German American Chamber of Commerce Inc. (Headquarters)
 40 West 57th Street, 31st Floor
 New York, NY 10019-4092
 Telephone: (212) 974-8830
 Telefax: (212) 974-8867
 @mail: info@gaccny.com
www.gaccny.com

German Representative for Industry and Trade
 Mr. Robert Bergmann
 1627 I Street, NW
 Suite 550
 Washington DC 20006
 Telephone: (202) 659-4777
 Telefax: (202) 659-4779
 @mail: Info@rgit-usa.com
www.rgit-usa.com

Useful Websites

www.ustrade.gov - Official Department of Commerce site
www.sce.doc.gov - Showcase Europe
www.agbc.de - American-German Business Club
www.amcham.de - American Chamber of Commerce in Germany
www.buyusa.com - Buy USA: E-Commerce Platform
www.buyusa.de

In 2002, CS Germany plans to report on the following industry sectors:

ITA Code	TITLE
LES	Leasing Services
PCI	Process Controls
TLS	Tools
PGA	Digital Printing Systems
MED	Medical Devices
FUR	Furniture
APS	Automotive Parts and Services
APS	Tuning and Customizing Equipment
AGM	Agricultural Machinery
REQ	Renewable Energy
MTL	Machining Centers
SPT	Bicycles and Cycling Accessories
FRA	Franchised Food Services
CSF	CRM Software
MCS	Employment Services
TES, TEL	The German IT Market
MCS	Call Centers
TES	E-Commerce
BTC	Biotechnology

POL	Remediation of Contaminated Sites
	Annual agricultural economic and administrative reporting:
Date	
October 1	Fishery Products Annual
October 15	Processed Sweet Corn Annual
October 20	Dairy and Products Annual
November 1	Competitor Report
December 10	Wine Marketing Annual
December 15	Citrus Annual
December 15	Solid Wood Products Annual
December 15	Citrus Import Trade Data
January 1	Fresh Deciduous Fruit Semi-Annual
February 1	Livestock and Products Semi-Annual
March 1	Grain & Feed Annual
June 1	Oilseeds and Products Annual
June 1	Tobacco and Products Annual
June 1	Cotton and Products Annual
August 1	Livestock and Products Annual
August 15	Poultry and Products Annual
September 10	Fresh Deciduous Fruit Annual

As Needed	Grain Voluntary Updates
As Needed	Oilseeds Voluntary Updates
As Needed	Livestock Voluntary Updates

	ATO reports
Date	
5/00	Asparagus Annual Report
4/00	Road Map to the German Market
3/00	Germany's HRI Food Service Sector Report
3/00	Germany's Retail Food Sector Report
12/99	Organic Market Report
12/99	Biotechnology
11/99	German Food and Veterinary Agencies
8/99	Food and Agriculture Import Regulations and Standards 1999
6/99	German Customs Office and Tariff Classification
5/99	Wine Market Brief

American Food Directory

The U.S. Agricultural Trade Office in Hamburg (ATO) produced a food directory entitled "American Foods in Europe 2000/2001, Guide to European Importers of U.S. Food and Beverage Products." The directory contains listings of about 200 European companies, from 17 European countries, handling about 500 branded and a wide assortment of generic U.S. food and beverage products available in Europe. The directory is a useful resource for retailers, hotels, caterers, restaurants and others seeking a European source for a specific U.S. food or beverage product. In addition to a hardcopy, an Internet version of the 2000/2001 Directory is available at www.american-

foods.org

For Further Information: FAS Homepage and the FAS AgExport
Services Division

The FAS homepage may be visited on line at:

<http://www.fas.usda.gov>

2001	Location	Post	
10/07-10/09 Golf Europe '01	Munich	Munich	
10/09-10/11 Biotechnica	Hannover	Hamburg	
10/09-10/12 Inter Airport	Munich	Berlin	
10/10-10/12 IKK'01	Hannover	Munich	
10/10-10/15 Frankfurt Book Fair	Frankfurt	Hamburg	
10/15-10/19 Sytems'01	Munich	Munich	
10/25-01/11 K-Int'l Plastics Fair	Dusseldorf	Dusseldorf	
10/30-11/01 European Banking Technology	Frankfurt	Frankfurt	
11/06-11/09 Productronica '01	Munich	Munich	
11/21-11/24 Medica	Dusseldorf	Dusseldorf	
2002			
01/09-01/13 Heimtextil	Frankfurt	Frankfurt	
01/14-01/20 Int'l Furniture Fair	Cologne	Dusseldorf	
01/20-01-28 BOOT 2002	Dusseldorf	Munich	
01/26-01/30 Paper/Christmas/BeautyWorld	Frankfurt	Dusseldorf	

01/31-02/05 Int'l Toy Fair	Nuremberg	Munich	
02/01-02/03 Men's Apparel Show	Cologne	Dusseldorf	
02/15-02/19 Ambiente 2001	Frankfurt	Frankfurt	
03/03-03/06 Int'l Hardware Show	Cologne	Dusseldorf	
03/08-03/11 IWA 2002	Nuremberg	Munich	
03/13-03/20 CEBIT 2001	Hannover	B/Ffm/Mun	
03/13-03/17 Musikmesse	Frankfurt	Frankfurt	
03/16-03/20 Int'l Tourism Exchange	Berlin	Frankfurt	
04/15-04/20 Hannover Messe	Hannover	Berlin	
04/16-04/18 SEMICON	Munich	Munich	
04/18-04/21 FIBO	Essen	Munich	
04/23-04/26 Analytica	Munich	Munich	
04/24-04/30 Interpack	Dusseldorf	Dusseldorf	
05/07-05/11 IFAT	Munich	Hamburg	
05/09-05/12 Interzoo	Nuremberg	Munich	
06/12-06/12 ILA 2001 Int'l Aerospace	Berlin	Berlin	
07/26-07/28 Kind & Jugend	Cologne	Dusseldorf	
08/30-09/03 Tendence 2001	Frankfurt	Dusseldorf	
09/12-09/19 IAA Truck Show	Hannover	Frankfurt	
09/17-09/22 Automechanika	Frankfurt	Frankfurt	

09/24-09/28 SMM	Hamburg	Hamburg
09/25-09/30 Photokina	Cologne	Dusseldorf

Agricultural Trade Shows in Germany

The following are some of the major trade shows being held in Germany that are dedicated to agricultural sectors and products (an * indicates that there is a USA Pavilion organized at the event).

Date Event	Location
2001	
01/18-01/20 Fruit Logistica(Produce, Dried Fruit & Nuts)*	Berlin
01/19-01/28 International Green Week	Berlin
01/28-01/03 ISM (Snacks and Confectionery)*	Cologne
02/01-02/04 IPM (Plants)*	Essen
02/15-02/18 Bio Fach (Organic Products)*	Nuremberg
03/03-03/11 Equitana	Essen
03/04-03/06 ProWein (Wine & Alcoholic Beverages)*	Dusseldorf
03/09-03/14 Internorga (Food Service, Baking, Confection)	Hamburg
05/18-05/22 Interzum	Cologne
10/13-05/17 ANUGA (Food and Beverages) *	Cologne
2002	

01/10-01/12 Fruit Logistica (Produce, Dried Fruit & Nuts)*	Berlin
01/11-01/20 International Green Week	Berlin
01/27-01/30 ISM (Snacks and Confectionery)*	Cologne
01/31-02/03 IPM (Plants)*	Essen
02/14-02/17 Bio Fach (Organic Products)*	Nuremberg
03/24-03/26 ProWein (Wine & Alcoholic Beverages)*	Dusseldorf
03/08-03/13 Internorga (Food Service, Baking, Confection)	Hamburg
05/09-05/12 Interzoo (Petfood)*	Nuremberg
10/06-10/09 InterCool (Frozen Food)	Dusseldorf

Further information on these shows is available from the ATO-Hamburg or on the ATO-Hamburg homepage **www.usembassy.de/atohamburg**

CCG Customer Satisfaction Survey

U.S. Department of Commerce
International Trade Administration
The Commercial Service

The U.S. Department of Commerce would appreciate input from U.S. businesses that have used this CCG report in conducting export market research. Please review the privacy statement / disclaimers at the bottom of this Web site. Please take a few moments to complete the attached survey and fax it to 202/482-0973, mail it to QAS, Rm. 2002, U.S. Department of Commerce, Washington, D.C. 20230, or Email: Internet[Robert.Opfer@mail.doc.gov].

* * * About Our Service * * *

1. Country covered by report: _____

Industry/title: _____

Commerce domestic office that assisted you (if applicable):

2. How did you find out about the CCG service?

- ☐ Direct mail
☐ Recommended by another firm
☐ Recommended by Commerce staff
☐ Trade/state/private newsletter
☐ Department of Commerce newsletter
☐ Other (specify): _____

3. Please indicate the extent to which your objectives were satisfied:

- 1-Very satisfied
 2-Satisfied
 3-Neither satisfied nor dissatisfied
 4-Dissatisfied
 5-Very dissatisfied
 6-Not applicable

- ☐ Overall objectives
☐ Accuracy of information
☐ Completeness of information
☐ Clarity of information
☐ Relevance of information
☐ Follow-up by Commerce representative

4. In your opinion, did using the CCG service facilitate any of the following?

- ☐ Decided to enter or increase presence in market
☐ Developed an export marketing plan
☐ Added to knowledge of country/industry
☐ Corroborated market data from other sources
☐ Decided to bypass or reduce presence in market
☐ Other (specify): _____

5. How likely would you be to use the CCG service again?

- ☐ Definitely would
☐ Probably would
☐ Unsure
☐ Probably would not
☐ Definitely would not

6. Comments:

* * * About Your Firm * * *

1. Number of employees: ☐ 1-99 ☐ 100-249 ☐ 250-499
☐ 500-999 ☐ 1,000+

2. Location (abbreviation of your state only): _____

3. Business activity (check one):

☐ Manufacturing

☐ Service

☐ Agent, broker, manufacturer's representative

☐ Export management or trading company

☐ Other (specify): _____

4. Value of export shipments over the past 12 months:

☐ Less than \$10K

☐ \$11K-\$100K

☐ \$101K-\$500K

☐ \$501K-\$999K

☐ \$1M-\$5M

☐ More than \$5M

May we call you about your experience with the CCG service?

Contact name: _____

Phone: _____

Fax number: _____

Email: _____

 Thank you--we value your input!

This report is authorized by law (15 U.S.C. 1512 et seq., 15 U.S.C. 171 et seq.). While you are not required to respond, your cooperation is needed to make the results of this evaluation comprehensive, accurate, and timely. Public reporting burden for this collection of information is estimated to average ten minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to Reports Clearance Officer, International Trade Administration, Rm. 4001, U.S. Dept. of Commerce, Washington, D.C. 20230, and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0625-0217), Washington, D.C. 20503.

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